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DEPARTMENTS OF COMMERCE, JUSTICE, AND STATE, THE JUDICIARY, AND RELATED AGENCIES APPROPRIATIONS FOR 1991

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE

COMMITTEE ON APPROPRIATIONS
HOUSE OF REPRESENTATIVES

ONE HUNDRED FIRST CONGRESS

SECOND SESSION

SUBCOMMITTEE ON THE DEPARTMENTS OF COMMERCE, JUSTICE, AND STATE, THE JUDICIARY, AND RELATED AGENCIES

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PART 7

TESTIMONY OF MEMBERS OF CONGRESS AND OTHER INTERESTED INDIVIDUALS AND ORGANIZATIONS

Printed for the use of the Committee on Appropriations

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DEPARTMENTS OF COMMERCE, JUSTICE, AND STATE, THE JUDICIARY, AND RELATED AGENCIES APPROPRIATIONS FOR 1991

TESTIMONY OF MEMBERS OF CONGRESS AND OTHER INTERESTED INDIVIDUALS AND ORGANIZATIONS

WEDNESDAY, MARCH 28, 1990.

NOAA

WITNESSES

HON. NORM DICKS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF WASHINGTON

C. DEMING COWLES, ALASKA, WASHINGTON, OREGON, CALIFORNIA AND HAWAII FISHERIES COALITION

Mr. SMITH. This afternoon we begin our Members and outside witness hearing, and the first witness is Congressman Dicks of Washington.

Mr. DICKS. Mr. Chairman, I want to thank you. I again appreciate the opportunity you have provided me to bring the subcommittee's attention to crucial needs in fisheries funding for the Pacific Northwest. I want to say first of all how much I have appreciated over the last few years—throughout the entire Reagan Administration—the support this subcommittee has given us on some of our region's most pressing needs.

Northwest fisheries programs are a complex combination of research initiatives, management councils, information sharing, enforcement, and treaty obligations which all work together to guide the use of one of the world's richest fishing grounds. In Washington alone, where we have historically enjoyed unique salmon and shellfish fisheries, the total benefit from the fishing industry now exceeds $3 billion and 40,000 jobs. Unfortunately, the benefits from investing in this resource have not been fully recognized by the administration, and I am troubled that once again the overall National Marine Fisheries Service budget has been reduced and vital fisheries programs are scheduled for cutbacks or elimination.

Mr. Chairman, there are a number of programs that are equally deserving of special attention, like the High Seas Driftnet Program, PacFIN, the Domestic Observer Program, West Coast Groundfish Research, and Bering Sea Crab Assessment, which I hope the subcommittee will assist. I am also troubled about plans to decrease funding for certain stock enhancement and disease research programs, as well as plans to eliminate funds for interjurisdictional fisheries grants, anadromous fisheries grants, and interstate fisheries commissions.

Today, however, I would like to focus on four of the items from the larger list of key programs. First is the restoration of funds for the 19 Mitchell Act hatcheries on the Columbia River.

Despite the Federal Government's clear obligation under law to provide mitigation for the damage to fish runs resulting from the construction of hydroelectric dams in the Columbia River system, the Administration for the ninth year in a row provides no funding for Mitchell Act hatcheries. As the map from the Northwest Power Planning Council—attached to my written statement—illustrates, before the construction of the dams, salmon spawned as far east as the Tetons in Wyoming and well north into British Columbia. These runs, even with mitigation, are dramatically reduced.

Mr. Chairman, your subcommittee has consistently restored critical funding for these hatcheries, and I hope you will continue that commitment this year. This need has become particularly urgent with the announcement yesterday that an environmental group in Oregon plans to file a petition with the National Marine Fisheries Service to place four Columbia Basin salmon runs on the endangered species list. Mitigation efforts, including hatcheries and fish run research, need to be fully funded. To continue operation of all the hatcheries, $11 million is needed. An additional $4 million is needed to begin to address the backlog of deferred rehabilitation and equipment purchases.

The second item is the urgent need to conduct research into the reason for the dramatic decline in the population of the Northern Sea Lion. Without adequate data to determine the cause and assess the role, if any, of the fishery industry, further decline would also trigger a listing under the Endangered Species Act that could close fisheries worth billions of dollars.

Mr. Chairman, we in the Northwest are already fighting a similar problem with the Northern Spotted Owl in our forests. Listing of the owl threatens to devastate our timber industry. In the case of the Northern Sea Lion, full research funding now can prevent a very ugly situation down the road. The administration has requested $3 million, but $6.9 million is needed.

Next, Mr. Chairman, I would like to emphasize my support for additional funding being directed to the Bering Sea Pollock Research Program. The administration requested $750,000, but $2.1 million is needed.

Lastly, I would like to emphasize my support for additional funding for the Regional Fishery Management Councils. Most fisheries are now fully domestic and face contentious allocative issues related to by-catch, expanding fishing power, and competition for fishing grounds. The councils must address these problems, maintain the viability of the resource, and rebuild where necessary, and they are badly understaffed. The administration has requested $7.2 million, but in our judgment $8.7 million is needed.

I also come here in support of the Pacific Fisheries Funding Program. There is a coalition of associations that have been there and have strongly supported the funding that is in this bill.

Again, I just wanted to put my entire statement in the record and just highlight it for the committee.

[The prepared statement of Congressman Dicks follows:]

STATEMENT OF REP. NORM DICKS
SUBCOMMITTEE ON COMMERCE, STATE, JUSTICE, & JUDICIARY APPROPRIATIONS

MARCH 28, 1990

Thank you, Mr. Chairman. I appreciate the opportunity you have provided me to once again bring to the subcommittee's attention the crucial needs in fisheries funding for the Pacific Northwest. I would also like to thank you for the assistance you have provided in the past, particularly last year when the subcommittee met many of the region's most pressing requests.

Northwest fisheries programs are a complex combination of research initiatives, management councils, information sharing, enforcement, and treaty obligations which all work together to guide the use of one of the world's richest fishing grounds. In Washington alone, where we have historically enjoyed unique salmon and shellfish fisheries, the total benefit from the fishing industry now exceeds $3 billion and 40,000 jobs. Unfortunately, the benefits from investing in this resource have not been fully recognized by the Administration and I am troubled that once again the overall NMFS budget has been reduced and vital fisheries programs are scheduled for cut-backs or elimination.

Mr. Chairman, there are a number of programs that are equally deserving of special attention, like the High Seas Driftnet Program, PacFIN, the Domestic Observer Program, West Coast Groundfish Research, and Bering Sea Crab Assessment which I hope the subcommittee will assist. I am also troubled about plans to decrease funding for certain stock enhancement and disease research programs as well as plans to eliminate funds for interjurisdictional fisheries grants, anadromous fisheries grants, and interstate fisheries commissions. Today, however, I would like to focus on four of the items from the larger list of key programs.

First, is the restoration of funds for the 19 Mitchell Act Hatcheries on the Columbia River. Despite the Federal government's clear obligation under law to provide mitigation for the damage to fish runs resulting from the construction of hydroelectric dams on the Columbia River system, the Administration, for the ninth year in a row, provides no funding for Mitchell Act hatcheries. As the attached map from the Northwest Power Planning Council illustrates, before the construction of the dams, salmon spawned as far east as the

Tetons in Wyoming and well north into British Columbia. These runs, even with mitigation, are dramatically reduced.

Mr. Chairman, your subcommittee has consistently restored critical funding for these hatcheries and I hope you will continue that commitment this year. This need has become particularly urgent with the announcement yesterday that an environmental group in Oregon plans to file a petition with NMFS to place four Columbia Basin salmon runs on the endangered species list. Mitigation efforts, including hatcheries and fish run research need to be fully funded. To continue operation of all the hatcheries, $11 million is needed. An additional $4 million is needed to begin to address the backlog of deferred rehabilitation and equipment purchases.

The second item is the urgent need to conduct research into reason for the dramatic decline in the populations of the Northern Sea Lion. Without adequate data to determine the cause and assess the role, if any, of the fishing industry, further decline could also trigger a listing under the Endangered Species Act. This could close fisheries worth billions of dollars.

Mr. Chairman, we in the Northwest are already fighting a similar problem with the Northern Spotted Owl in our forests. Listing of the owl threatens to devastate our timber industry.

In the case of the Northern Sea Lion, full research funding now can prevent a very ugly situation down the road. The Administration has requested $3 million, but $6.9 million is needed.

Next, Mr. Chairman, I'd like to emphasize my support for additional funding being directed to Bering Sea Pollock Research. You may remember our colloquy on this study last year and my concern about the lack of funding for this research. This resource has become the object of intense competition between domestic fishing groups representing on-shore and off-shore processors and is suspected of being illegally taken by foreign fleets. Improved data is needed to prevent stock declines and better understand the resource. The Administration requested $750,000 but $2.1 million is needed.

Lastly, I'd like to emphasize my support for additional funding for the Regional Fishery Management Councils. Most fisheries are now fully domestic and face contentious allocative issues related to bycatch, expanding fishing power, and competition for fishing grounds. The Councils must address these problems, maintain the viability of the resources, and rebuild where necessary. They are understaffed, however, and while the workload has increased five-fold, funding levels have remained frozen. The Administration has requested $7.2 million but $8.7 million is needed.

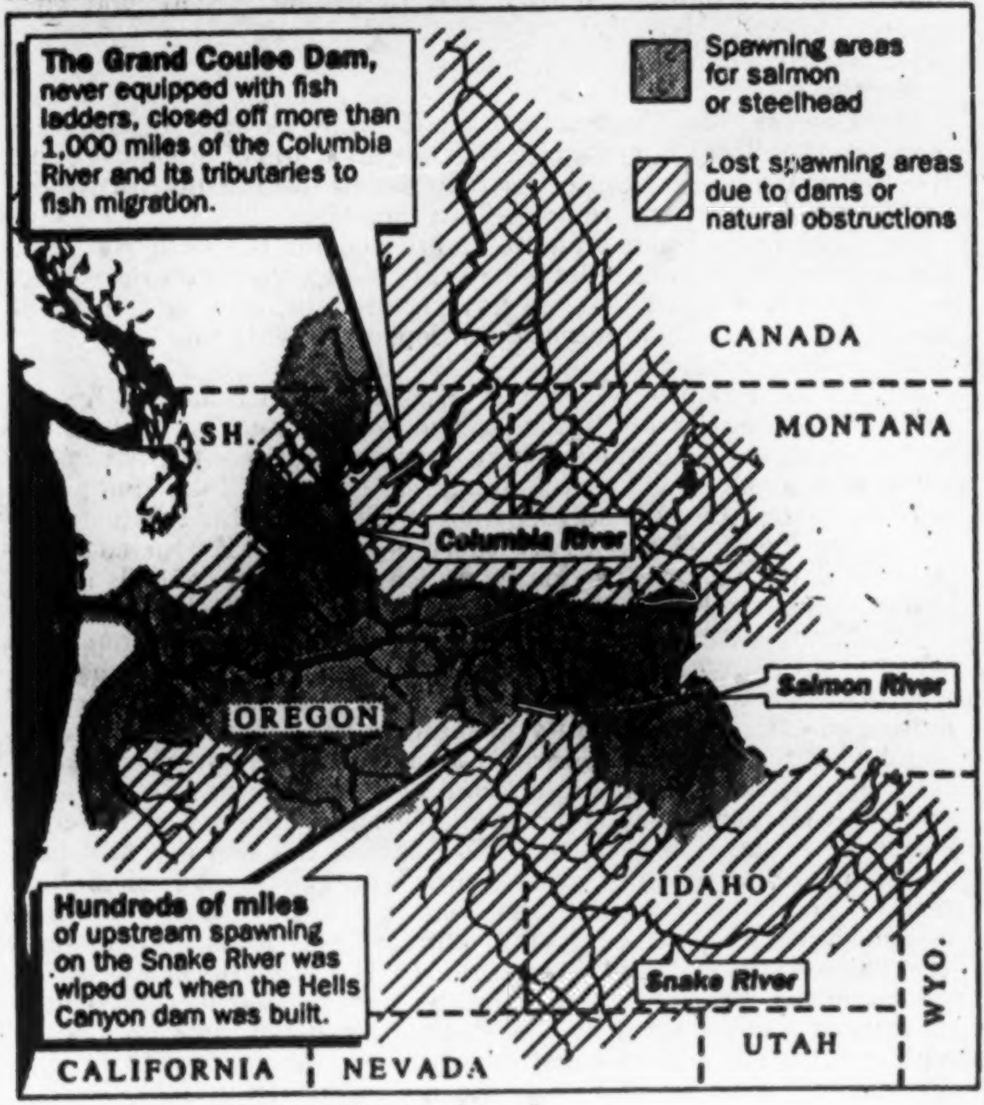
I recognize that there are a number of requests from my region but I hope the subcommittee recognizes the complexity involved in managing the resources of this enormous ocean which not only involves management and research, but international, tribal, and interstate negotiations. Information on the resource is essential for rational management of the Pacific fisheries.

This need has been recognized by a broad range of Pacific states and fishing groups who, despite growing competition between states and within the industry, are united in their requests for Pacific fisheries funding. I strongly support the requests of the 27 association Alaska, Washington, Oregon, California, Hawaii Fisheries Coalition, the Pacific States Marine Fisheries Commission and the Washington State Department of Fisheries.

Mr. Chairman, in conclusion let me say that my basic request is that the subcommittee provide at least the minimum funding levels for NOAA fisheries programs so that the important work they do can continue and I urge you to look favorably on cases where additional funds are necessary.

Thank you again for this opportunity to testify and thank you for your support for Northwest fisheries programs.

Salmon and steelhead habitat in the Columbia River Basin


The Grand Coulee Dam, never equipped with fish ladders, closed off more than 1,000 miles of the Columbia River and its tributaries to fish migration.
Spawning areas for salmon or steelhead
Lost spawning areas due to dams or natural obstructions
CANADA
MONTANA
WASH.
Columbia River
Salmon River
OREGON
IDAHO
Hundreds of miles of upstream spawning on the Snake River was wiped out when the Hells Canyon dam was built.
Snake River
WYO.
UTAH
CALIFORNIA
NEVADA

Source: Northwest Power Planning Council

Mr. **Smith**. Well, I thank you for your statement. As you know, we have worked with you over the years. This year we have an awfully tight budget, but we will be consulting with you as we develop the Fisheries budget.

Mr. **Dicks**. I appreciate that, Mr. Chairman. Thank you very much.

Mr. **Smith**. Thank you very much.

Mr. Cowles?

Mr. **Cowles**. Mr. Chairman, I am Deming Cowles. It is a real pleasure to follow Congressman Dicks, who is one of our most effective and articulate advocates for fisheries in the Pacific Northwest, and I hope he continues to do so for a long time.

Mr. Chairman, I also want to thank you for the help you have given us in the fishing industry on the West Coast. You have been very supportive when budgets have been tight, and we hope that we can continue to look forward to cooperation with you.

Mr. **Smith**. Good, good.

Mr. **Dicks**. I represent a group of Alaska, Washington, Oregon, California, and Hawaii fisheries, fish processing, fish harvesting and marketing associations. There is in the testimony a list of the 29 organizations which are members of this coalition. That coalition comprises the vast bulk of the commercial fishing industry in the entire Pacific Ocean where there is a U.S. EEZ. Our coalition represents the fisheries regulated by three regional councils and it covers the entire Pacific Ocean where there is a U.S. EEZ.

The administration has improved the fisheries budget this year. We are still, according to the budget, about $40 million short of where we are at current levels, and that is going to mean a dramatic reduction in our ability to manage the fisheries and understand what we need to understand about the fisheries.

In addition, the NMFS—National Marine Fisheries Service—responsibilities have vastly increased. We have done a very effective job of Americanizing the U.S. EEZ. Most of the fish are now harvested by U.S. harvesters, processed in large part by American harvesters. The trouble is, of course, that that has given us additional responsibilities for research and management needs and has created some additional conflicts within the U.S. EEZ fisheries.

In addition, we are caught short by unregulated foreign fishing in international waters of the Pacific, by illegal foreign fishing within our zone, and new and developing agreements with foreign nations. All of these, of course, mean additional funding responsibilities for the National Marine Fisheries Service.

I think it is important for the committee to have its memory refreshed in terms of the value of the fisheries in, again, the entire Pacific Ocean. Alaska and Pacific fisheries produce over $5 billion pounds of edible seafood annually, which is roughly equivalent to half of the Nation's fish production. With a wholesale value in excess of $4.5 billion, the industry supports over 70,000 people employed directly in the fisheries, and of course there is also an add-on to that.

Additionally, the fisheries support wide employment in shipbuilding, maintenance, and other support industries, and they also service some $1 billion in exports, which is perhaps 70 percent of the Nation's total fisheries exports, so these fisheries are very important in terms of the national and international economies.

Our coalition has come up with a list of nine priority projects that we have set out in the testimony. I will not go into those in detail, but I think it is important to keep in mind that these items are not only of local or regional signficance, they are of national and international significance, and in many instances we are asking for money for application on a national basis. We have marine mammal requests, as Congressman Dicks so articulately stated. We have a substantial problem with driftnets by foreign driftnet fleets from Taiwan, Korea, and Japan, and we have a substantial problem for basic research needs so we understand the fisheries that we are managing.

In addition, we do have international agreements that are being negotiated with the Soviet Union, with Japan, with Taiwan and Korea. All of those will require additional funding.

So that you don't think that all we ask for each year is for more money, we do support the administration requests in five areas. That appears on the last page of the testimony, and there are five items where we think the administration has done a very good job in funding.

Mr. Chairman, thank you very much. We appreciate the opportunity to testify.

Mr. SMITH. Thank you for your statement.

[The prepared statement of Mr. Cowles follows:]

ALASKA, WASHINGTON, OREGON, CALIFORNIA, AND HAWAII FISHERIES COALITION SUPPORTING AN EFFECTIVE NMFS APPROPRIATION FOR FY 1991

The Fisheries Coalition represents the major fishing, processing, and marketing associations of Alaska, Washington, Oregon, California, and Hawaii. The associations listed below represent the vast majority of the industry. They request that adequate funding be made available to properly manage the fisheries upon which their livelihood depends.

Alaska Crab Coalition
Alaska Factory Trawlers Assn.
Alaska Draggers Assn.
Alaska Groundfish Data Bank
American High Seas Fisheries Assn.
American Samoa Gamefishing Assn.
American Samoa Aiga Fisheries Comm.
Bering Sea Fishermen's Assn.
CNMI Sports Fishermen Assn.
Deep Sea Fishermen's Union
Eureka Fisheries
Fishing Vessel Owners Assn.
Guam Fishermen's Cooperative Assn.
Hawaii Seafood Promotion Comm.
Hawaiian International Billfish Assn.
The Highliners
Kodiak Longline Vessel Owners Assn.
Midwater Trawlers Cooperative
North Pacific Fishing Vessel
  Owners Assn.
Northwest Fisheries Assn.
Oregon Trawl Commission
Pacific Coast Federation of
  Fishermen's Associations
Pacific Seafood Processors Assn.
Tautai O Samoa Fishery Assn.
United Fishermen of Alaska
United Fishermen's Marketing Assn.
United Fishing Agency of Hawaii

CRITICAL FISHERIES FUNDING NEEDS FOR FY 1991

National Marine Fisheries Service FY 1991 Appropriations ($1,000s)

Critical Needs	1 1990 Current Available *	2 1991 Administration Request	3 1991 Requirement Total	4 1991 Additions Required to Administration Request	5 1991 Additions to 1990
Bering Sea Pollock Research Includes Donut Pollock	$ 1,000	$ 750	$ 2,100	$ 1,350	$ 1,100
Regional Fishery Councils	7,233	7,233	8,700	1,467	1,467
North Pacific Council	1,210		1,452		242
Pacific Council	944		1,330		386
Western Pacific Council	733		880		147
High Seas Driftnet Program	3,000	3,300	7,500	4,200	4,500
Bering Sea Crab Assessment	0	0	500	500	500
Marine Mammal Population Assessment	0	3,000	6,900	3,900	6,900
Domestic Fishery Observer Program	0	0	2,000	2,000	2,000
PacFIN	1,000	2,000	3,000	1,000	2,000
West Coast Groundfish Research	847	847	1,450	603	603
ADP Systems Upgrade	0	1,700	2,500	800	2,500
Other important items already fully funded in Administration request **	16,228	20,541	20,541	0	4,313
TOTAL	$ 29,308	$ 39,371	$ 55,191	$ 15,820	$ 25,883

* Includes some expenditures for these activities made under other line items or base budget.

** See list on page 5.

Prepared by the Pacific States Marine Fisheries Commission
Don Bevan (206) 543-4276 1-Mar-90

NINE CRITICAL FISHERIES FUNDING NEEDS FOR FY 1991

The Administration has submitted a significantly improved fisheries budget for FY 1991. It enhances some critical existing programs and introduces several new ones. However, the proposed NMFS budget is at least $40 million less than actually appropriated in FY 1990. This reduction will impair the agency's ability to provide data collection, research, management, and enforcement critical to the future health of the nation's rich, renewable fisheries resources.

National Marine Fisheries Service responsibilities have increased greatly. A robust, new commercial fish industry has developed more rapidly than ever expected. The exponential growth, compounded by new laws and obligations, has vastly increased the mission and responsibilities of NMFS and the Regional Fishery Management Councils, especially for Alaska and Pacific Ocean fisheries.

Domestic conflicts, an outgrowth of full Americanization of the enormous fisheries resources, have created difficult bycatch and allocations problems exacerbated by a lack of valid data. Unrestrained foreign fishing in international waters of the Pacific, illegal foreign fishing in our zone, new and developing agreements with foreign nations -- all urgently need resolution by NMFS and the Regional Councils.

Alaska and Pacific fisheries produce over 5 billion pounds of edible seafood annually, roughly equivalent to half our nation's fish production. With a wholesale value of about $4 billion, they support over 70,000 people employed in fishing, processing and marketing. Additionally, the fisheries support wide employment in shipbuilding, maintenance and other support industries. Over $1 billion in seafood is exported annually from these fisheries, nearly 70% of the nation's total fishery exports.

The Fisheries Coalition strongly supports a budget that will enable the National Marine Fisheries Service to meet its fisheries management obligations under the Magnuson Act. We do not profess to understand fully the very complicated NOAA budget document or the relationships of parts of the base budget to the line items. However, there are several very critical line items that stand out from the rest. They directly affect the well-being of our Alaska and Pacific fisheries. Though there are many other important items in the NMFS budget, nine critical funding needs are of particular concern to us for FY 1991:

1. Bering Sea Pollock Research
2. Regional Fishery Management Councils
3. High Seas Driftnet Program
4. Bering Sea Crab Assessment
5. Marine Mammal Population Assessment
6. Domestic Fishery Observer Program
7. Pacific Fishery Information Network (PacFIN)
8. West Coast Groundfish Research
9. ADP Systems Upgrade

NINE CRITICAL FISHERIES FUNDING NEEDS FOR FY 1991

BERING SEA POLLOCK RESEARCH

($2.1 million is needed; the Administration requests only $750 thousand)

U.S. fishermen annually harvest from the Bering Sea 2.7 billion pounds of pollock. Pollock contributes 63% of the groundfish harvest off Alaska. It also is harvested beyond 200 miles by foreign fleets from Japan, the Soviet Union, Korea, China and Poland. The Magnuson Act requires that resources be managed throughout their range with the best information available. Funding of $2.1 million is needed to:

- Collect data on stock structure, life history, population dynamics and ecosystem interactions.
- Assess the impacts of fishing on pollock and forestall significant stock declines.
- Support cooperative international research.
- Provide data to forge international controls on unrestrained foreign harvests in the Donut Hole.

REGIONAL FISHERY MANAGEMENT COUNCILS

($8.7 million is needed; the Administration requests only $7.233 million)

Most fisheries are fully domestic and face contentious allocative issues related to bycatch, expanding fishing power, and competition for fishing grounds. The Councils must address these problems, maintain the viability of the resources, and rebuild where necessary. But they are understaffed and there is little money for outside analysis or for required meetings with industry.

The workload, measured by the number of fishery management plans, has increased five-fold, but the Councils have remained funded at about $7 million since 1980. The North Pacific, Pacific, and Western Pacific Councils cannot meet their obligations under the Magnuson Act with the funding proposed by the Administration and management for many of the nation's fisheries within the western EEZs will be seriously affected. The increase proposed for the Pacific Council restores the FY 1990 budget cut and provides increased funding necessary to maintain fishery management plans.

HIGH SEAS DRIFTNET PROGRAM

($7.5 million is needed; the Administration requests $3.3 million)

The foreign high seas driftnet fishery agreements of 1990 necessitate an increase of funding for:

- 100% transmitter coverage.
- Increased numbers of U.S. observers from that of the initial pilot program.
- Assessment of impacts on key populations of mammals, birds, and fish.
- Program administration.

The increases in those requirements necessitate $7.5 million to fulfill U.S. obligations. These funds are necessary to enable the U.S. to prepare for the next U.N. discussion on high seas driftnets.

BERING SEA CRAB ASSESSMENT

($500 thousand is needed; the Administration requests nothing)

Funding of $500,000 for research is needed to improve King and Tanner crab management in the Bering Sea. Without regulatory changes, the NMFS faces a heavy responsibility to effectively manage the more than 200 vessels who harvest crab valued at more than $410 million annually.

Unfortunately, at the present time, very little research is conducted into the life cycle, resource assessment, and inseason management strategies.

NINE CRITICAL FISHERIES FUNDING NEEDS FOR FY 1991
(Continued)

MARINE MAMMAL POPULATION ASSESSMENT
($6.9 million is needed; the Administration requests $3.0 million)

Populations of the Northern Sea Lion in the North Pacific are showing drastic declines for unknown reasons. Because of administrative and legal requirements of the Marine Mammal Protection Act and the Endangered Species Act those declines will cause drastic curtailment of fisheries worth billions of dollars. Available data do not allow an assessment of the role which fisheries may have played in this decline, nor do they allow the development of reasonable management measures to mitigate these declines.

Multi-disciplinary research in the Gulf of Alaska and Bering Sea is needed to determine what factors are responsible for the current population declines and to identify what must be done to rectify this crisis.

DOMESTIC FISHERY OBSERVER PROGRAM
($2 million is needed; the Administration requests nothing)

Observers provide essential fisheries information critical for management. Uninformed decisions jeopardize the resource and the industry.

Funding for observers is a most important need. Two million dollars are needed for domestic fishery observers to relieve the burden placed on individual vessels and processors by the North Pacific Council's program. The $2 million is in addition to the $7.5 million requested by the Administration for marine mammal observers.

PACIFIC FISHERY INFORMATION NETWORK (PacFIN)
($3.0 million is needed; the Administration requests $2.0 million)

Timely data are needed for effective management. PacFIN provides such information -- enabling managers and industry to track catches by area and to plan better. It is the nation's first regional fisheries data network. Fisheries off Alaska, Washington, Oregon, California, Hawaii, and the American flag Pacific Islands provide information to a central data base accessible to all. These states already have contributed over $25 million in data collection and processing to this multi-agency effort which also includes the West PacFIN (Hawaii, American Samoa, Commonwealth of the Northern Mariana Islands, Guam, and NMFS). The $3.0 million is needed to maintain this highly efficient data system so critical to management of the fisheries.

WEST COAST GROUNDFISH RESEARCH
($1.45 million is needed; the Administration requests $847 thousand)

Sablefish, rockfish and Pacific whiting support the largest fishery off California, Oregon and Washington. Sablefish has declined in abundance, but remains the most valuable. Critical funding is needed for the Tiburon Laboratory and NMFS Northwest and Alaska Fisheries Science Centers to:

- Conduct research and surveys on rockfish and whiting.
- Annually estimate stock abundance and recruitment.
- Assess the status of the sablefish and Dover sole resources.

NINE CRITICAL FISHERIES FUNDING NEEDS FOR FY 1991
(Continued)

ADP SYSTEMS UPGRADE
($2.5 million is needed; the Administration requests $1.7 million)

Data must be available quickly to manage fisheries. NMFS's computer serving the Northwest and Alaska Fisheries Science Centers is obsolete, unreliable, and uneconomical to operate and maintain. Further, it cannot handle the increasing volumes of data from the fisheries. The system must be replaced to provide timely management information to the Councils and NMFS managers.

IMPORTANT ITEMS FULLY FUNDED IN THE ADMINISTRATION BUDGET

The Administration has requested appropriate funding for several new or existing programs. These programs do not overlap the nine critical funding needs described above.

Alaska Groundfish Surveys	($700 thousand)
Alaska System Monitoring/Fisheries Statistics	($2 million)
Conservation Engineering (Bycatch Issues)	($750 thousand)
Enforcement and Surveillance	($9.591 million)
Marine Mammal Protection Act	($7.5 million)

The Administration proposes adding about $4.3 million to the FY 1990 level of appropriations to support these important items.

WEDNESDAY, MARCH 28, 1990.

BUREAU OF THE CENSUS

WITNESS

HON. THOMAS C. SAWYER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF OHIO

Mr. SMITH. Congressman Sawyer, we are glad to have you again today.

Mr. SAWYER. Thank you, Mr. Chairman.

Mr. SMITH. We will put your statement in the record, and you may summarize in any manner you wish.

Mr. SAWYER. Well, Mr. Chairman, I have a longer statement today. I will put it in the record.

Mr. SMITH. Thank you.

Mr. SAWYER. I will try to keep this as brief as I can. Thank you for the opportunity to talk about the census here. I really want to talk about two areas of concern today.

First, I would like to ask the subcommittee to provide additional funds to the Census Bureau for the current fiscal year. I realize that the bureau hasn't made a formal request for that yet, but, based on a thorough review that the subcommittee I chair has conducted, I believe that the budget constraints that they face may seriously jeopardize the quality and the timeliness of the 1990 census operation.

Last year they submitted a request for $1.5 billion. As you know, Congress reduced that, Gramm-Rudman reduced it further, and some unanticipated additions in mileage reimbursement costs and pay raises brought about a total potential shortfall, somewhere in the neighborhood of $80 million. These are not large amounts of money in broader terms, but they are $80 million pivotal dollars in terms of what it means to the Bureau.

In response to those budget reductions and increased costs, the Bureau has eliminated several planned activities, including editing only 10 percent of the questionnaires for missing content data and imputing the remaining information. According to GAO, this could seriously and adversely affect the quality of census data. Dr. Bryant testified yesterday that post-census local review programs might have to be eliminated, removing what for some local governments is the only chance to review census data.

The fact is that the mail response rate, which is at this point going on and it remains undetermined, is going to determine whether or not the Bureau will be able to absorb the cuts that are in place. It is possible that they may be able to absorb them all.

Mr. SMITH. They told us they would know a month from now.

Mr. SAWYER. That is about right.

Mr. SMITH. And that if the response was not as good as they had anticipated, that then they would ask for a supplemental.

Mr. SAWYER. Yes. I raise it today only because it is so important.

Second, I wanted to urge the subcommittee to fund the Census Bureau at the level requested by the President for Fiscal Year 1991. That is $431.3 million. It involves $245.8 million for completion of the decennial census activities, and while the operational phase of the census will be nearly completed, the Bureau wants to ensure timely processing, analysis, and publication of the data. The statutory deadlines are immutable, and inadequate resources might jeopardize the Bureau's ability to meet these mandated deadlines.

In addition, there are a number of important coverage improvement programs to determine the extent of undercounts or potential overcounts that are important. Finally, there is about $11.7 million in program enhancements. They determine and define the Bureau's ability to collect accurate data on manfacturing, retail trade, service industries, the whole range of economic and social activities that the census measures throughout the decade.

Program enhancements, partcularly the redesign of sampling instruments, are also important for the survey of income program participation and current population surveys which define where we are as a Nation throughout the decade. It is important, I believe, to recognize that these relatively few millions of dollars shape the distribution of billions for 10 years and perhaps beyond. I would ask your thoughtful consideration of those requests.

Mr. SMITH. Okay, thank you very much. We will keep in touch with you about these requests.

[The prepared statement of Congressman Sawyer follows:]

ONE HUNDRED FIRST CONGRESS

THOMAS C. SAWYER, OHIO, CHAIRMAN
MERVYN M. DYMALLY, CALIFORNIA
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U.S. House of Representatives
COMMITTEE ON POST OFFICE AND CIVIL SERVICE
SUBCOMMITTEE ON CENSUS AND POPULATION
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STATUS OF THE CURRENT FUNDING SITUATION AT THE U.S. CENSUS BUREAU

TESTIMONY OF
REPRESENTATIVE THOMAS C. SAWYER
CHAIRMAN
SUBCOMMITTEE ON CENSUS AND POPULATION

BEFORE THE
HOUSE APPROPRIATIONS COMMITTEE
SUBCOMMITTEE ON COMMERCE, JUSTICE, STATE, AND JUDICIARY
March 28, 1990

Mr. Chairman, thank you for giving me the opportunity to discuss the current funding situation for the 1990 Decennial Census and the Census Bureau's budget request for fiscal year 1991.

The Subcommittee on Census and Population, which I chair, is charged with the responsibility of overseeing the Census Bureau, including the decennial census that is now in full swing. During the 101st Congress, we have held nine oversight hearings to review plans and preparations for the census, including recruitment, outreach and promotion, coverage evaluation activities, and the Local Review program.

Most recently, the subcommittee held a hearing yesterday to review the effect of cuts in the Census Bureau's budget on the accuracy of the census. I believe we have been diligent in our oversight efforts and have developed a good understanding of the Census Bureau's programs and goals.

The action your subcommittee takes on the fiscal year 1991 appropriations request for the Census Bureau will determine the quality of our national statistics and the policies they drive for the next decade and beyond. Later this year, you may be asked to consider a request for a dire emergency supplemental appropriation to complete the 1990 census. I urge your favorable consideration of full funding for both requests.

Accurate federal statistics are fundamental to our understanding of the needs of our population and our economy. While the primary purpose of the decennial census is reapportionment of the U.S. House of Representatives, the uses of census data have moved far beyond that original mandate.

Census data provides the foundation for measurements of income distribution, unemployment, poverty, housing, crime, education, and demographic trends throughout the decade, and is a major component in planning both short- and long-term private and public initiatives. In fiscal year 1991, Congress will use census data to allocate more than $40 billion to state and local governments for important social services and community development programs. State governments use census results for the fair distribution of billions more to their localities as well. Business and industry rely on census data for corporate planning, marketing, and forecasting consumer demand.

With so much at stake, we need to be sure that we do not compromise the Census Bureau's ability to conduct the most accurate census possible by failing to provide adequate funds. An investment in the short-term may lead to long-term savings because more accurate census data will help us target program funds more precisely.

The Census Bureau's budget request for fiscal year 1991 contains funds for completion of census field work and other activities necessary to deliver apportionment counts to the President by December 31, 1990, and redistricting data to the states by April 1, 1991.

The request also includes funds to improve several of the Census Bureau's statistical programs. The Bureau's ability to collect accurate data on manufacturing, retail trade, service industries, foreign trade, and other key sectors of the economy, as well as important demographic data, has been jeopardized by a lack of adequate resources. Program enhancements, particularly the redesign of samples for the Survey of Income and Program Participation (SIPP) and the Current Population Survey (CPS), are needed to improve the quality and timeliness of the data. Those updates, which were omitted from the FY 1990 appropriation, are vital to the accuracy of information about our nation's people and businesses.

I also am concerned that Congress did not provide the Census Bureau with enough money in fiscal year 1990 to complete the census in an accurate and timely manner. Last year, the Bureau submitted a budget request of $1.3 billion, one half of the total budget for the decennial census. Congress reduced that amount by $57.6 million. Gramm-Rudman-Hollings sequestration further reduced the Bureau's budget by $7.7 million, and other unanticipated cost absorptions and program changes added more than $30 million to census costs.

To accommodate a total shortfall of $80 million, the Census Bureau eliminated several programs from the 1990 decennial program that would improve the coverage and accuracy of the census. For example, the Bureau will now edit only 10% of questionnaires for missing content data, and impute the remaining information. This program change may adversely affect the quality of census data.

The Bureau may be forced to eliminate or delay other programs, such as Post Census Local Review, if the mail response rate does not exceed expectations. Unless substantial savings are achieved through an unexpected (and unlikely) increase in the number of people who return their census forms, the Census Bureau will need a dire emergency supplemental appropriation to complete operations in a thorough, timely manner.

Given the central role of census data as a baseline for most federal statistics, as a means of allocating federal funds, and as a basis for private and public decision-making, an accurate census must be a budget priority for Congress. The evidence presented at our hearing yesterday has convinced me that the needs of the Census Bureau are real, and that a supplemental appropriation, if requested, is warranted. I urge the subcommittee to provide additional funds for the 1990 census if a request is made later this year.

The census is mandated by Section 2 of the Constitution, immediately following the section that establishes the House of Representatives. Clearly, the framers of the Constitution considered a fair census to be an essential element of our democracy. As this country has grown, the complexity and cost of counting our population has grown, as well. At the same time, the demand for accurate statistics has never been greater. It is important that we understand and address the long-term consequences of insufficient funding for the decennial census. The funds we commit to the census now are an investment in the strength of our democracy, and the progress and well-being of every community in the nation.

Mr. SMITH. At this point we will include an additional statement submitted for the record regarding the Census Bureau.

[The information follows:]

Statement for the Record

of

The American Foundation for the Blind

Submitted to the Subcommittee on Commerce, Justice, and State, the Judiciary and Related Agencies
Committee on Appropriations
U.S. House of Representatives
101st Congress, Second Session

March 29, 1990

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regarding

Bureau of the Census, FY1991 Appropriations
1st Year Funding for a Post-1990 Decennial Disability Survey

For further information contact:

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Governmental Relations Department, 202-457-1498
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Social Research Department, 212-620-2140

The American Foundation for the Blind is a national nonprofit organization whose primary mission is to ensure the development, maintenance, and constant improvement of services for blind and visually impaired people in the United States.

Recognized as Helen Keller's cause in the United States, AFB works in partnership with more than 1,000 specialized agencies, schools, and organizations of and for blind people.

As part of its many activities benefitting blind and visually impaired persons, the AFB conducts and disseminates social research on blindness and visual impairment, and maintains one of the world's largest libraries of literature on the nonmedical aspects of blindness.

We are frequently asked by both the public and private sectors to provide demographic data on blindness and visual impairment in the U.S. In responding to these inquiries, we are acutely aware of the current inadequacies of existing data resources on disability, and the need for better demographic data on disability in the U.S. Attached to this statement as Appendix A, please find a copy of an intra-agency memorandum prepared by our Social Research Department which sets forth the most current statistics on blindness and visual impairment in the U.S. Unfortunately, the best data available is based on 1977 data. Accordingly, we ask this Subcommittee to earmark the sum of $20 million to be appropriated over three fiscal years for the purpose of designing and implementing of a post 1990 follow on disability survey. The amount of this funding request is tentative at this time, pending the receipt of a report and recommended funding levels from the Bureau of the Census.

Funding History

As you know, Mr. Chairman, last year Congress appropriated the sum of $200 thousand to the Bureau of the Census to develop a plan and pretest a survey to collect information on individuals with disabilities. As set forth in your Committee Report to H.R. 2991:

> "The Committee Expects the Bureau to submit such a plan by February 1, 1990, and in include in it the means for conducting such a survey, a calculation of the costs of the survey, and a proposal for sharing such costs among the federal departments and agencies which would use the information developed in the survey to meet their specific program purposes." (H. Rep. 101-173 at p. 10)

In response to this directive, The Bureau has developed a report which I understand is currently being reviewed by the Secretary of Commerce prior to its submission to this Subcommittee. This report was developed with the input of the American Foundation for the Blind and approximately --- other interested individuals and organizations following a meeting convened by the Bureau last December. A list of the attendees at that meeting is attached to this statement as Appendix B. We urge the Subcommittee to request this report which was due on February 1, 1990 in order for this Subcommittee to include first year funding for this project in its fy1991 appropriations bill.

Although we are aware of the other funding challenges presently facing the Bureau in connection with the 1990 decennial census, we believe that it is absolutely necessary for this Subcommittee to continue to fund the disability survey project. A successful disability survey will require that contact (either in person, by telephone, or by mail) must be made within a reasonable period of time following completion of the 1990 decennial survey. Therefore, if this Subcommittee decides not to continue to fund the disability survey, this means that the project once again will be postponed until after the next decennial census in the year 2000. This would indeed be tragic given the current inadequacy of statistics on disability in the United States.

Overview

Both the public and private sectors need national and state-level data on persons with disabilities. The policy needs have mushroomed since the 1970s when the opportunity was recognized to build upon disability items in the 1980 Census as a sampling frame.

Extensive work was done toward a Post-census Disability Survey, including a large pretest. But the opportunity was lost when some federal agencies that were expected to use, and fund, the data could not pay their share. The high investment made a decade ago can be partly recouped now by a Post 1990 Census Disability Survey.

Why is the 1990 Census Not Enough?

The 1990 census "long form" (for a large sample) will include three items on disability (for ages 15 years and older): 1) whether a person is limited in, or unable to, work; 2) whether a person is limited in mobility, and 3) whether a person is limited in self-care.

It is impossible for any decennial census to include enough detailed questions to identify people according to the *type* and *severity* of impairments they have, their employment status, the barriers they encounter, the adaptations they use, the information and accommodations they need, their means of transportation, their civic participation, and other crucial aspects of their experience as citizens. An in-depth interview survey focused on disability is necessary.

Why Link A Disability Survey to the 1990 Census?

The disability items in the 1990 census will make the Disability Survey more cost-efficient by targeting sample selection. This does *not* mean that the sample will be selected only from people who answered that they do have a limitation in work, mobility or self-care, since some people with disabilities will not answer that way. It *does* mean that appropriate sampling rates can be planned for the groups who reported such limitations, and for those who did not. This will give a higher "yield" of people with a wide diversity of conditions and a wide range of work and other participation, and will also permit comparison with people who have no physical, sensory, mental or emotional impairments.

Timing

Timing is tight but, according to Census staff, if funding is obtained soon they can design a study to pretest in 1990, using responses from the 1988 pretest of the decennial census. In-depth data collection would occur in 1992, with sampling derived from the 1990 census results. Tabulations could be available in 1993. The report to Congress on the disability survey project due February 1, 1990 will more fully outline a work plan and activities in each of three fiscal years. The investment in the 1980 sample and questionnaire design should greatly assist the effort, although both phases need revision.

The overall cost of a disability survey will be but a small fraction of the $66 billion (including the cost of income maintenance, health care, education and rehabilitation services), which the federal government currently spends on behalf of its citizens with disabilities.

Who Would Use This Information?

a) *Data Needs of the Public Sector* -- In 1987 at least 40 federal programs concerning people with disabilities expended nearly $66 billion (Social Security Administration, SSA, 1988).

Key agencies are located in the Departments of Health & Human Services (e.g., the Social Security Administration and the Health Care Financing Administration), Housing and Urban Development, Labor, Transportation, Education, Library of Congress, and others. Many federal/state partnerships, such as rehabilitation and special education, are funded on a state by state formula basis with little information concerning the demographic characteristics of the population with disabilities in each state. When agencies do attempt to collect data on program participants such efforts may be too narrowly focused, statistically flawed, or overly generalized, or are duplicative.

Since the mid-1970s, federal and state legislation concerning the rights of people with disabilities has expanded greatly, and accordingly, participation of people with disabilities in all aspects of society has increased. Public agencies which are mandated to enforce civil rights projections for persons with disabilities (pursuant to Section 504 of the Rehabilitation Act, for example) need accurate demographic data to assist in their monitoring and enforcement responsibilities. In addition agencies which provide services in areas such as employment, education, housing and transportation need data to plan services and to evaluate outreach and effectiveness. Congress itself has also increased the demand for accurate demographic data on disability through the recent enactment of laws such as the Technology Related Assistance for Individuals with Disabilities Act and the Fair Housing Amendments Act. Also near passage by the Congress is the Americans With Disabilities Act, which will result in even greater need for data necessary for planning, compliance, and evaluation purposes.

b) *Data Needs of the Private Sector* - Hundreds (probably thousands) of voluntary agencies are engaged in service delivery, monitoring of public programs, research and advocacy for the population with disabilities. Some agencies have long histories; others emerged in the past few decades when "consumer" organizations have flowered.

Most private agencies deal with specific types of impairment (e.g., deafness, blindness, paraplegia). They have little direct use for the generic measures in the decennial census. "Consumer" and "provider" agencies alike urgently need information about their target populations, but lack the resources to collect nationally-representative data. Coalitions (such as the Consortium for Citizens with Disabilities) offer effective vehicles for promoting, disseminating, and using the products of the proposed Survey.

c) *Joint public-private initiatives* - For example, the National Science Foundation, concerned to expand the nation's pool of scientists and engineers by recruiting and retaining those with disabilities, funded a 1988 workshop conducted by the American Statistical Association and the American Association for the Advancement of Science. Its aim: to develop strategies for improved demographic and career data. In addition, manufacturers of assistive devices, such as talking computer systems, artificial larynxes, mobility aids, etc. have expressed great interest in obtaining additional information about the special needs of their potential customers.

The National Institute of Disability and Rehabilitation Research recently funded a "Disability Studies Project" at the University of California, San Francisco, to maximize use of data resources. (See the next section.)

The proposal to seek funding for a disability survey was first presented to the Council of Professional Associations on Federal Statistics (COPAFS) in September 1988. Representatives of COPAFS' member and affiliate organizations expressed varied needs for the data, especially at the state level. They cited examples, such as monitoring access to utilities, banking and insurance which are regulated at the state level, and which present different problems depending on type of impairment.

Are There Other Sources for This Information?

No other source meets the need for geographic, impairment type, and substantive detail that is possible from the proposed Survey. Other sources and their limitations are reviewed next.

Disability data are collected by the National Center for Health Statistics (NCHS) in its annual Health Interview Survey (HIS) and in periodic cycles of the Health and Nutrition Examination Survey. However, the sample sizes preclude reliable estimates for many types of impairments even at the national level, and certainly at the state level, or for age and other social subgroups. The topics covered by HIS do not permit intensive questioning on many issues of concern, especially accessibility and attitudinal issues. NIDRR's grant to UC-SF permits pooling HIS data for adjacent years, as a step toward meeting some needs. However, the yearly sample designs do not permit state estimates even with pooled data. NCHS has proposed a "Supplement on Adaptive Technology" for the 1991 HIS; if approved, that useful resource will nevertheless be limited due to sample size and topical issues noted above.

The only national study that has permitted state-level estimates by type of impairment, and some analyses by age and certain issues (e.g., employment) was the one-time "Survey of Income and Education (SIE)", conducted by the Census Bureau. Disability was a secondary concern in that study. The year was 1976 so SIE is now obviously outdated; it will, however, be useful to look at trends by comparing SIE with the proposed survey.

Between 1966 and 1978, three "Work and Disability" Surveys by SSA provided heavily-used national data for ages 18-64 years. The break in the six-year cycle, with no new study in sight, reflects cutbacks in research funds during the 1980s. The samples did not permit state-level estimates.

In 1984, the Census Bureau's longitudinal Survey of Income and Program Participation (SIPP) included measures of disability. Although useful, this database does not permit analyses by impairment type and by state.

Since 1981, the *Current Population Survey* has included a disability item in relation to employment. Again, sample size does not permit analysis by type of impairment or by state. Many substantive issues other than employment cannot be explored.

Since 1987, a set of Harris Polls, conducted for the National Council on Disability (formerly the National Council on the Handicapped), has demonstrated growing interest in a range of disability policy issues approached through "mainstream" survey polling. However, sample sizes are much smaller than any of the government studies, and therefore severely limit subgroup analyses.

Conclusion

The window of opportunity to close the data-gap is narrow. The range of potential users and uses of the data is wide. A Post-census Disability Survey would be an invaluable resource for both the public and private sectors. The American Foundation for the Blind urges this Subcommittee to make the modest investment necessary so that we can come one step closer to having more adequate data on disability.

ATTACHMENT

MEETING TO DEVELOP PLANS FOR A DISABILITY SURVEY
SPONSORED BY THE BUREAU OF THE CENSUS

December 8 - 9, 1989

Participants

Frank Bowe (Hoftra University)
Caroline Kaufman (Western Psychiatric Institute and Clinic)
Corinne Kirchner (American Foundation For the Blind)
Mitchell La Plante (University of California, San Francisco)
Walter Oi (University of Rochester)
David Pfeiffer (Suffolk University)
Karen Roberts (Statistics Canada)
John Sachs (University of South Alabama)
Allan Sampson (University of Pittsburgh)
Craig Thornton (Mathematica Policy Research)
Irving Zola (Brandeis University)
Paula Franklin (Social Security Administration)
Larry Haber (Consultant)
Penny Pine (Health Care Financing Administration)
Marc Rosenblum (Equal Employment Opportunity Commission)
Elvira Sisolak (Equal Employment Opportunity Commission)
Virginia Stern (American Association for the Advancement of Science)
Robert Bennefield (Bureau of the Census)
Dave Chapman (Bureau of the Census)
Gary Shapiro (Bureau of the Census)
Jack McNeil (Bureau of the Census)

PREVALENCE ESTIMATES OF BLINDNESS AND VISUAL IMPAIRMENT IN THE UNITED STATES: LATE 1980s

Prepared by the Social Research Department
American Foundation for the Blind: November, 1989

These general estimates are designed as a core set of figures to be used consistently throughout AFB in situations when it is not possible to explain sources and their limitations in detail. Nevertheless, it is always necessary to make clear at least the broad definitions given here. The next pages give the sources of these estimates, and also present some other figures you may have encountered, and explain why we do not use them.

Broad Definition	Prevalence Estimate
1A: Noninstitutionalized Severely Visually Impaired (self-reported inability to see to read ordinary print, with usual glasses.)	3,000,000
1B: Institutionalized Visually Impaired (Nursing Staff reports)	500,000
1C: Total Severely Visually Impaired (Combines institutional and noninstitutional. Also includes most legally blind persons.)	3,500,000
2. Legally Blind Clinically measured visual acuity of 20/200 or less in the better eye, with best correction; or visual field of 20 degrees or less.	600,000
2A. Totally Blind ("No Useful Vision") Clinically measured light perception or less.	120,000

SOURCES OF THE ESTIMATES

1A. Noninstitutionalized Severely Visually Impaired

Source: Rates for people under 65 years are from the 1977 Health Interview Survey (HIS) of the National Center for Health Statistics (NCHS); rates for people 65 or older are from NCHS' 1984 HIS-Supplement on Aging. These rates were applied to 1987 population totals. The result of 2.8 million has been rounded upward to 3 million.

1B. Institutionalized (Severely) Visually Impaired.

Source: This estimate blends a higher and lower estimate from two surveys, done in 1976 (Bureau of Census) and 1977 (NCHS). It includes a category called "some" or "partial" visual impairment.

1C. Total Severely Visually Impaired.

Source: This total combines the above two estimates.

2. Legally Blind.

Source: The 1970 "Model Reporting Area of Statistics on Blindness" (MRA) produced rates for 16 states that maintained legal blindness registers, attempting to meet standards of reporting. Those figures were then projected, using formulas, to the whole United States, by the National Society to Prevent Blindness. We took age group specific rates from the NSPB estimates and applied them to 1987 population figures and rounded the result of 598,000 up to 600,000.

2A. Totally Blind

Source: The 1970 MRA also estimated that about 11% of legally blind persons were "totally blind", and another 11% had "light perception". These are conventionally combined to report that "about 20% of the legally blind have no useful vision". Therefore, if "totally blind" is strictly defined as "no light perception", the estimate would be only about 60,000.

General Comments: We have chosen the above estimates even though they are lower than some others available (see below). We believe that the chosen figures do underestimate somewhat the number of people who would benefit from rehabilitation services for blindness or low vision. That is because the HIS measure we use does not cover some severe problems other than print-reading, and because the use of registers to estimate legal blindness is likely to miss people. Nevertheless, we believe that for most purposes it is "safer" (i.e., more credible for the field in relation to policy-makers) to underestimate than to overestimate.

SOME ESTIMATES WE DO NOT USE, AND WHY

1. "Visually impaired" - 8 million to 12 million.

Source and comments: Each year the HIS asks a sample of the noninstitutionalized population about vision problems not correctable by glasses. Depending on whether color blindness is included or not, the reported totals over the last decade have ranged from about 8-12 million, figures often quoted in the blindness literature. Those estimates include people with vision problems only in one eye, and various non-severe problems. The great majority of these people report they are not limited in their usual activities by their vision problems. Therefore, we concluded that these people would not seek or benefit from rehabilitation services, and do not recommend using these estimates.

2. "Severely Visually Impaired" - 1.4 million

Source and Comments: This figure was the estimate AFB has used for some years. It referred to the 1977 HIS (i.e., noninstitutionalized). We now report the higher figure given above because more recent data show higher rates for the elderly, and because the total population has also increased since then.

3. "Totally Blind" - 381,000

Source and Comments: This figure has not yet received wide publicity, but has been published through the National Institute for Disability and Rehabilitation Research. It refers to the average annual figure from the HIS for the years 1983-85, of noninstitutionalized people responding they are "blind in both eyes". Thus, it is a self-report (in contrast to clinically measured as derived from legal blindness registers) and probably includes more that light perception. For some purposes, this could become a useful estimate.

WEDNESDAY, MARCH 28, 1990.

CRIME PREVENTION PROGRAMS

WITNESS

JOHN A. CALHOUN, EXECUTIVE DIRECTOR, NATIONAL CRIME PREVENTION COUNCIL

Mr. SMITH. Next we will hear from Mr. Calhoun regarding the Crime Prevention Council.

Mr. CALHOUN. Thank you, Mr. Chairman. I am Jack Calhoun, head of the Crime Prevention Council. I will submit the bulk of this testimony for the record and just make a few brief comments.

Mr. SMITH. All right, please proceed.

Mr. CALHOUN. Our philosophy of crime prevention is twofold. It is protection as well as the building of community. Crime creates two victims, an individual or something countable such as property, but the other victim is unseen. It is the community, the community fabric torn, people not interacting with each other: "I don't go out after 4:00 o'clock. I don't use the park any more." All of which is exacerbated by drugs.

Our strategies aim at dealing with both victims, crime against the individuals and against the community fabric, safety being important, but safety for its own sake can be dangerous. So we believe in safety as a context in which the bonds that hold us together as a human family can be developed.

Our story, much of which you have funded, is a marvelous one. It is hard to know how to get at it in just a few, perhaps brief, human vignettes.

It is the tale of a 5-year-old boy in Connecticut who was a child abuse victim who would only tell his story to McGruff the Crime Dog, so an officer suited up, the boy told the story, and there was a conviction sparing the boy a life of further trauma.

It is a resident of one of our community-responses-to-drug demonstration programs, which you funded last year, a woman who said simply, "This program has given me hope. I realize there are more of us than of them. I want to build communities we can be proud of." She has helped close crack houses, inspired neighors to venture out from behind closed doors.

It is a counselor at an elementary school in Arkansas who was the recipient of some material from your funding which went to every elementary school in the country, who said, "All these items are great. My kids love McGruff. Please continue with a new kit as often as you can."

It is teens helping to clean up parks in New York, again through a project you funded, "Teens As Resources Against Drug Abuse," exploring ways teens can become active partners in helping to prevent drug abuse.

It is a taste of the human impact from the fiscal point of view. $1 produces roughly $100 in public service advertising, almost $50 million annually. This reproducible kit, which went to all of the elementary schools, $81,000 from our end, we figure reproduction on the local end will reach anywhere from 10 to 15 million kids. This comic book, $8,500 of this committee's money, OSAF through

Health and Human Services, $352,000 for printing and almost double that for mailing. It will go to 2 million children. Four kids read every comic book. I didn't know that. That is 8 million kids, a very modest investment.

The campaign is broad. It has nine elements: public service advertising, a huge coalition, production of material from books to booklets, corporations, demonstration programs, work with a variety of youth programs, community-based drug abuse prevention programs, mainly with groups that are too poor to move out. What can they do about the scourge of drug abuse? We have worked with churches, parent groups, and in 21 cities and numerous high schools with law-related education through our curriculum, "Teens, Crime and the Community." A major computerized information center, training, licensing, and public policy work.

The request of the committee this year was for support at the level of $3 million, to continue and to expand our highly effective drug abuse prevention work, work whose results we plan to share with community leaders throughout the country so that they can see hopeful models which they in turn may fund. Finally, we request support for the successful "Teens, Crime and the Community" project.

It is hard to know how to close, in a way. What is the essence of our work? If I can, I will just do it with a very brief vignette and a quote from the President of Czechoslovakia, who talks about the totalitarian system leaving a legacy of humiliation and human devastation.

"But," he said, as he told you in Congress, "it has given us something positive, a special capacity to look from time to time somewhat further than someone who has not undergone this bitter experience. A person who cannot move and lead a somewhat normal life because he is pinned under a boulder has more time to think about his hopes than someone who is not trapped."

We have seen people under boulders whose circumstances shock, despair, yet we have seen them attempt to stop crime, drug abuse, and try to build community, like what I saw in Oakland just three weeks ago. One of the most notorious crack houses in the city showed stolen electricity, burn marks, obscene signs out in front of the house, overflowing sewage, but citizens began working with police to close this notorious place down.

Fines, combined with creative use of things like noise abatement laws, nuisance laws, closed the house. I rode by the house after that photo had been taken. A woman was in the front yard. The house sparkled with new paint. The woman was planting a bush in the front yard. A solid citizen was taking root. Perhaps this is the very essence of what you have funded.

Thank you for your time.

Mr. Smith. Thank you very much.

[The prepared statement of Mr. Calhoun follows:]

TESTIMONY OF JOHN A. CALHOUN
EXECUTIVE DIRECTOR
NATIONAL CRIME PREVENTION COUNCIL

BEFORE THE

HOUSE APPROPRIATIONS COMMITTEE
SUBCOMMITTEE ON COMMERCE, JUSTICE, STATE AND THE JUDICIARY

MARCH 28, 1990
2:15 P.M.

Mr. Chairman, Members of the Committee:

I am John A. Calhoun, Executive Director of the National Crime Prevention Council (NCPC). I am grateful to you for your invitation to speak before you today. Before coming to NCPC I served as the Commissioner of Youth Services in Massachusetts and subsequently as United States Commissioner of the Administration for Children, Youth, and Families (ACYF) at HHS.

NCPC's philosophy of crime prevention is two-fold: It includes protection and safety in addition to community building.

Crime creates two victims: the victim seen -- a person injured, property taken, graffiti on public buildings -- something countable. The other victim, unseen, is the community -- civic lifeblood drying up; people not interacting, saying "I don't go out after 4:00 p.m. anymore..." or "I won't walk in the park...." This is exacerbated by drug abuse which paralyzes neighborhoods, closing sidewalks to kids, parks to strollers, stoops to those who would simply visit. Drugs, the only one type of drug license which allows one to kill for a jacket or maim for a slight; drugs, which can sunder even the most elemental of bonds -- that between mother and child.

Our strategies must prevent harm to both victims -- crime against individuals and against the community fabric. Safety is important. But safety for its own sake is dangerous. Safety must create a context in which the bonds which hold us together as a human family can be woven.

Your schedule is full. You have many who wish to present. There is little time, and our story is a marvelous one, difficult to summarize.

Our campaign works because it is a partnership among the Bureau of Justice Assistance, the National Crime Prevention Council, the Advertising Council, Inc., our 130 member Crime Prevention coalition, and hundreds of non-governmental contributors -- individuals, foundations and corporations.

Perhaps the best way to describe what you have funded is through its impact on individuals.

o It is a five-year-old boy in Brookfield, Connecticut who would tell his frightening tale of sexual abuse only to McGruff. So an officer suited up as McGruff, the state attorney's office agreed that any disclosures would be admissable in court, and the boy told his tale, saving him from further trauma and winning a guilty plea from the offender.

- It is the story of two children playing in Albany Village, California, who were approached by a couple in a car who attemped to coax one of them into the car. The child refused because of "warnings from McGruff...."
- It is a resident of one of our Community Responses to Drug Abuse demonstration sites which you funded last year, who said simply, "This program has given me hope. I realize that there are more of us than of them. We want to build communities people can be proud of." She has helped close crack houses and inspire neighbors to venture out from behind locked doors.
- It is a counselor at Piggott Elementary School in Piggott, Arkansas who received reproducible McGruff drug abuse prevention materials, which Congress enabled us to mail to every public elementary school in the country, who said, "All items are great. They love McGruff. Please continue with a new kit with new materials every so often. We need them."
- It is teens helping to clean up a park in New York through our project you funded, Teens as Resources Against Drugs, a drug abuse prevention program which explores the many roles teens can plan as active participants in the war on drugs.
- It is a participant in one of our many training workshops who said, "I never cease to be impressed by the quality of training and the attitude of trainers."
- It is a twelve-year-old boy speaking at a Community Responses to Drug Abuse Prevention task force meeting in New York City's North Bronx who said, "I want to live long enough to be an adult."

That represents a taste of the human impact.

Let me share with you another dimension of the campaign; how a single federal dollar you grant to NCPC is multiplied.

- One federal dollar devoted to the McGruff media campaign, one of the most successful in Advertising Council history, generates roughly $100 in public service advertising -- almost $50 million annually.
- Many of our products are reproducible. They are designed to be claimed and co-sponsored by others. For example, the State of Illinois alone reproduces between five and eight million copies of each of the pieces in this packet, distributing them throughout the state.
- The reproducible elementary school kit I mentioned cost $81,000 to produce. We estimate conservatively that through

reprinting at the local level, roughly 10-15 million of America's children will receive these drug abuse prevention messages.

- This comic book produced in conjunction with HHS' Office for Substance Abuse Prevention (OSAP) initially goes to two million children. On average, four children read each comic book, so more than eight million children will be reached. Your investment to NCPC of $8,500 for the development and creative work on the comic book triggered $352,000 worth of printing from OSAP.

- It is the style of our training which doesn't simply deliver knowledge, but trains people in how to train. Thus, the knowledge we have imparted is further spread locally.

- Then there's the incalculable. Everything we produce, all the media, our training philosophy is designed to spur action. How many people have taken action as a result of the campaign is impossible to calculate, but at least on the most elemental of levels -- that of recognition -- we know that three-quarters of adults in America and 9 of 10 teens recognize and trust McGruff, and a phenomenal 99% of children know and trust the character.

- It is the Institute for Social Analysis which, operating under a three-year contract with the Bureau of Justice Assistance to evaluate NCPC, concluded that "The National Crime Prevention Council is a tremendous resource for the crime prevention field and a preeminent leader in this ever-changing area. Its major services -- materials production and dissemination, the McGruff campaign, training and technical assistance -- are very highly valued by practitioners and contribute directly and indirectly to the conduct and quality of crime prevention efforts in this country...In the many years of evaluating small non-profit organizations, we have seldom seen a group as energetic and creative...".

Many national non-profits publish information and write about public policy. We are extremely fortunate because our work is grounded in reality -- in hundreds of junior high schools, in eight core city areas, with thousands of trainees, in letters from thousands of children. This keeps us close to people providing a rich source of experience and understanding, which anchors our media, publications, and training, and contributes to the depth and relevance of public policy discussions on local, state, and national levels.

The campaign itself has nine key elements including:

- The award winning public advertising featuring McGruff the Crime Dog.

- A Coalition of 130 organizations -- national constituency groups, federal agencies, and state crime prevention programs. The associations range from the Boys Clubs, and International Association of Chiefs of Police to the Urban League and the PTA.
- The production of a wide variety of materials from brochures to books, newsletters and articles.
- Work with corporations who play a key role in helping us to match the federal dollar and who spur grassroots crime prevention throughout the country.
- Demonstration programs including: a rich array of youth-led action programs; community-based crime prevention efforts, especially the Community Responses to Drug Abuse Prevention, which enables local groups in eight core city areas to create, test, and implement effective strategies to reduce drug abuse, crime, and fear in the communities; church-based parent support programs.
- Operation of the most comprehensive inventory of crime prevention program information in the U.S.
- Training and technical assistance which aids law enforcement, crime prevention practitioners, citizens, youth, youth groups and teachers, community groups and churches.
- A licensing effort which spreads the McGruff educational messages and generates the bulk of the match to our federal monies.
- Public policy work including congressional testimonies, briefings before Drug Czar William Bennett and President Bush, policy conferences, and articles published in a variety of journals.

To continue to support the full range of the National Citizens Crime Prevention Campaign programs, the Council requests a fiscal year 1991 funding level of $3.0 million.

To continue and to expand the Council's highly-effective drug prevention programs, we request $1.5 million. The requested increase in drug prevention funding will be used to expand the successful testing of a variety of community based drug prevention models and to further disseminate our learnings to states and municipalities across the country. The Council intends to help support the original community-based programs through FY '91, giving them three years of full and partial federal funding. We are working to intensively institutionalize these original programs through securing local sources of public and private funding.

Finally, we request continued funding of our highly-successful Teens, Crime and the Community program.

The new President of Czechoslavakia Vaclav Havel said to the U.S. Congress February 21:

> The communist type of totalitarian system has left... a legacy of countless dead, an infinite spectrum of human suffering, profound economic decline and, above all, enormous human humiliation. It has brought us horrors that fortunately you have not known.
>
> It has given us something positive, a special capacity to look from time to time somewhat further than someone who has not undergone this bitter experience. A person who cannot move and lead a somewhat normal life because he is pinned under a boulder has more time to think about his hopes than someone who is not trapped that way.

In this country murders of 16-year-olds no longer appear on the front page. They appear in the metro section - local news briefs. According to Assistant District Attorney Robert Platt in Oakland, "145 homicides in 1988 represented a good year. We've done well." In 1955 there were eight murders in Oakland.

Sixty-two people died in the San Francisco earthquake of 1989, a sobering number. The Federal Emergency Management Association met to look at the loss of human life and trembling bridges. But 62 is roughly the number of people murdered daily in this country.

Why should we hope given this sobering picture and the increase in violence? Perhaps it is because of the poet, now President of Czechoslovakia, Vaclav Havel, who talks of voices trapped once under boulders, voices now leading us.

We have seen people living in situations whose circumstances shout despair. Yet they are attempting to stop crime and drug abuse and trying to build community. They are launching creative strategies, cleverly using the law, forging partnerships with law enforcement, housing authorities and others -- but they are also standing up, manifesting physical and moral courage rarely seen today, the kind of courage of which Havel speaks.

I will close my verbal testimony with a description of what I saw in Oakland, California, this past January: Photographs of one of the most notorious crackhouses in the city showed stolen electricity, burn marks all over the house, overflowing sewage, obscene signs on the outside of the house. But citizens began working with police to close this notorious den. Fines combined with creative use of nuisance and noise abatement laws, work with other city agencies such as police and housing and simple human courage closed the "house". I rode by the same house -- after that photo had been taken. A woman was in the front yard. The house sparkled with new paint. A woman was planting a bush in the front yard. A solid citizen was taking root. Perhaps this is the very essence of what you have funded.

WEDNESDAY, MARCH 28, 1990.

FUNDING FOR STATE AND LOCAL LAW ENFORCEMENT

WITNESS

ED MURPHY, LEGISLATIVE DIRECTOR, INTERNATIONAL BROTHERHOOD OF POLICE OFFICERS

Mr. SMITH. The next witness is Mr. Murphy for the International Brotherhood of Police Officers.

Mr. MURPHY. Good afternoon, Mr. Chairman. I am Ed Murphy. I am legislative director of the International Brotherhood of Police Officers, and we are an affiliate of the Service Employees International Union. We are the largest police police union in the AFL–CIO. On behalf of the thousands of police officers that we represent across the country, I first of all want to thank you for your leadership that you have demonstrated on the issue of drug funding for State and local officers.

Today in our comments we would like to focus on two specific issues: the appropriate level of State and local drug grants and the appropriate matching requirements to receive such funds.

As you are aware, the Drug Control System Improvement Grant Program was authorized under the anti-drug bill of 1988. This program is particularly crucial because it acknowledges the importance of cooperation between Federal, State, and local law enforcement in the fight on drugs.

There is a public misconception that State and local government anti-drug enforcement efforts have received abundant funding from the Federal Government. From fiscal year 1987 to fiscal year 1989, a period of increased public attention on the drug crisis, total Federal assistance to State and local law enforcement declined by over 35 percent. In these years the trend developed for more Federal dollars for law enforcement and more money earmarked tor anti-drug efforts, but an overall reduction in money allocated to State and local government for law enforcement.

We were encouraged that last year both the Congress and the Bush Administration demonstrated their increased support for State and local authorities through this program. As you are aware, last September the drug strategy submitted by President Bush urged appropriation of the full amount of the authorization, $350 million. Congress' approval of the drug strategy figure temporarily put the aid at $350 million, but with the subsequent adoption of the Byrd amendment both the House and the Senate put the final Fiscal Year 1990 appropriation for this program at $450 million.

This year the President's budget recommends $492 million, a modest increase from last year's level. It is our understanding that drug czar Bennett reportedly proposed spending over $700 million, but lost out to Budget Director Darman. This year Senator Biden has successfully passed an amendment to a bill that would set this year's authorization level at $900 million. This bill may be considered as part of the crime package pending on the Senate calendar. We support this authorization level.

Even with the $350 million increase from Fiscal Year 1989 to Fiscal Year 1990, State and local assistance accounted for less than 6 percent of the Federal money appropriated to fight the drug war, yet State and local law enforcement accounted for over 90 percent of the more than 24,000 drug arrests that took place last year. Clearly they are on the front lines in the battle against illegal drugs and narcotic-related crime, and can use all the money that Congress can spend on this problem.

One additional issue that I would like to bring to the committee's attention is the matching requirements for a State to receive grants from the Federal Government. Presently States and localities who apply for grants must match the Federal contribution with $1 for every $3. This arrangement was extended through Fiscal Year 1990 in last year's Justice appropriation bill, despite administration opposition favoring a 50-50 split.

Congress correctly realized that this increased burden would prohibit many States from participating in the program, thereby dealing a severe blow to our ability to combat the drug problem. However, Congress must act again to retain the current formula, which expires on October 1, 1990, and we would urge you to do so.

In conclusion, Mr. Chairman, we would like to thank you for this opportunity to bring these issues to the committee, and pledge our support to you and to the committee in working to provide adequate funding levels for State and local law enforcement.

Mr. SMITH. Thank you very much for your testimony.

[The prepared statement of Mr. Murphy follows:]

INTERNATIONAL BROTHERHOOD OF POLICE OFFICERS
AFFILIATED WITH SERVICE EMPLOYEES INTERNATIONAL UNION, AFL/CIO
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TESTIMONY OF

THE INTERNATIONAL BROTHERHOOD OF POLICE OFFICERS

TO THE SUBCOMMITTEE ON

COMMERCE, JUSTICE, STATE, THE JUDICIARY

AND RELATED AGENCIES

OF THE COMMITTEE ON APPROPRIATIONS

REGARDING FUNDING FOR

STATE AND LOCAL LAW ENFORCEMENT

ANTI-DRUG EFFORTS

MARCH 28, 1990

The International Brotherhood of Police Officers is an affiliate of the Service Employees International Union, the sixth largest union in the AFL-CIO. We are the largest police union in the AFL-CIO. On behalf of the thousands of federal, state, and local police officers across the country, we would like to thank the chairman and the committee for holding these hearings today on the FY91 funding level for state and local law enforcement efforts in support of the war on drugs. We are indebted to Chairman Smith for the leadership he has demonstrated on issues pertaining to state and local law enforcement. Today in our comments we would like to focus on two specific issues--the appropriate level of state and local drug grants and the appropriate matching requirement to receive such funds.

As the committee is aware, the Drug Control System Improvement Grant Program was authorized under the Anti-Drug Abuse Act of 1988. This program is particularly crucial because it acknowledges the importance of cooperation between federal, state and local law enforcement in the fight on drugs. State and local law enforcement accounted for over 90% of the over 24,000 drug arrests that took place last year; clearly they are the front lines in the battle against illegal drugs and narcotics related crime. It is a task which these officers accept with pride and courage. Our membership believes that a strong, visible police presence in drug ridden neighborhoods and ample numbers of detectives to staff task forces and investigate drug dealers is the starting point to defeat this scourge.

We are encouraged that both Congress and the current administration have demonstrated their increased support for state and local authorities through this program. For FY89, $150 million dollars was appropriated to assist state and local juristictions in stopping the flow of drugs. Negotiations for FY90 funding began inauspiciously. Under the FY90 budget submitted by then-President Reagan in January of 1989 funding for the Drug Control System Improvement Grant Program was zeroed out, despite an authorization level of $350 million for FY90 and $400 million for FY91, and despite a public committment to conduct a drug war. However, the budget revisions submitted by the Bush administration recommended an expenditure of $150 million. This figure was also the one agreed upon by the House and Senate Appropriations Committees through the regular appropriations process.

In September, the drug strategy developed by the Office of National Drug Control Policy and submitted by President Bush urged appropriation of the full amount of authorization.

Congress' approval of the Drug Strategy figure temporarily put the figure at $350 million. However, the subsequent adoption of the Byrd amendment in both the House and the Senate pushed the final FY90 appropriation for this program to $450 million dollars, a full $100 million above the authorization level as established in the 88 Drug Bill. The Byrd amendment was funded through an across the board cut of .43% from all 13 appropriations bills. Although the $450 million was subject to reduction caused by the the sequester and the Byrd amendment, state and local authorities received an encouraging amount of assistance.

Clearly, this assistance was timely as well as deserved. Although the public misconception may be that state and local government's anti-drug enforcement efforts have received abundant funding from the federal government, this is inaccurate. From fiscal years FY87 to FY89, during a period of increased public attention on the drug crisis, total federal assistance to state and local law enforcement declined by over 35%. In these years a trend developed for more federal dollars for law enforcement and more money earmarked for anti-drug efforts but a continued reduction of money allocated to state and local governments for law enforcement. We hope that the trend of increasing reliance upon state and local forces coupled with inconsistent assistance from the federal level has been reversed.

Funds appropriated to this program are both penny and pound wise. Yet if they are applied inconsistently, their potential effect will be substantially mitigated. For example, I point to the 1986 drug bill, in which Congress urged the states to establish multi-year drug law enforcement programs in order to receive new grant money. Many states and localities responded by hiring new police officers, prosecutors, lab technicians, and by forming regional drug task forces. However, inconsistent funding stunted these efforts. In FY87 states and local government received $213 million in law enforcement funding. They were also sent signals that this level of assistance would constitute a baseline with increased levels of funding in the outyears. This was not the case, as in FY88 the level of federal assistance dropped almost 400% to 55.6 million only to rise to $118 million in FY89. This has created substantial difficulties in implementing those comprehensive plans developed by state law enforcement officials as requested by Congress, causing overtime for drug officers to be curtailed, task forces disbanded or understaffed and causing vacancies in needed street cops, and investigator positions.

This year, the President's budget calls recommends $492 million, which is a modest increase from last year's level of $450 million. National Drug Control Director William J. Bennett reportedly proposed spending over $700 million, but lost out to Budget Director Darman during the development of the budget. Now is the time for the Congress to act, as it did last year with the Byrd amendment. Senator Biden, who last year submitted an amendment to raise the authorization level to $600 million for FY90, successfully attatched an amendment to a bill recently reported by voice vote to the full Senate from the Judiciary Committee. This amendment, which would set this year's authorization level at $900 million, may receive consideration when the Senate takes up crime legislation pending on the calendar. We would urge the committee to support this authorization level, and appropriate a similar figure. Even with the $350 million increase from FY89 to FY90, state and local assistance accounted for less than 6% of the federal money appropriated to fight the drug war. With over 90% of drug arrests occuring at the state and local level, Senator Biden's proposal for $900 million brings drastically needed and successfully applied funds to the front lines. Each arrest, each conviction, and each incarceration sends a loud and clear message to all drug dealers and users in the community. These signs of progress in combatting the drug problem also send a message of hope to families in communities struggling with crime. In addition to being a deterrent, the likelihood of an arrest, conviction, and incarceration provides incentives to users to participate in treatment programs and provides lessons useful in our education efforts. Hence strong enforcement has a ripple effect which assists education and treatment, as well as removing criminals from the community where they do the most harm.

One additional issue that I would like to bring to the committee's attention is the matching requirement for states to receive grants from the federal government. Presently, states and localities who apply for grants must match the federal contribution with one dollar for every three that the federal government provides. This arrangement was extended through FY90 in the Department of Justice Appropriations Act of 1990 (P.L. 101-162), despite the administration's recommendation to the Congress that the matching requirement be 50-50, that is one state dollar must be matched with each federal dollar in order to qualify for grants. Congress correctly realized that this increased burden could prohibit many states from participating in the program, thereby dealing a severe blow to our ability to combat the drug problem. However, Congress must act again to retain the current formula, which expires on October 1, 1990.

Mr. Chairman, I would like to use information from a recent issue brief developed by Federal Funds Information for States. It details the projected grants to states under this program, including your state of Iowa. In our opinion, the numbers demonstrate the necessity of retaining the current 75-25 formula. For example, if the FY91 appropriation is $492 million, which is the amount requested in the President's budget, Iowa will receive $5,382,000 from the federal government. Under the current formula, it would be requried to match these funds with $1,794,000. However, a 50-50 match would require Iowa to contribute $5,382,000, a difference of $3,588,000.

What happens if the Congress appropriates a higher figure than the President submitted? Senator Biden's proposal would authorize $900,000 million. With this figure, Iowa would receive $10,360,000 and contribute $3,453,000. With a 50-50 match, they would contribute $10,360,000, a difference of $6,907,000. As you can see, this higher contribution could end the abilities of some states to continue their involvement in this valuable program.

Members in both houses of Congress have introduced legislation to remedy this problem. S. 2179, introduced by Senator Simon of Illinois, extends the current formula through 1991. It was reported out of the Judiciary Committee, along with Senator Biden's amendment to authorize $900 million, on March 8. We urge the committee to extend the 75-25 match for

FY91; the measure enjoyed bi-partisan support and was reported out by voice vote. In addition, Congressman Mazzoli has introduced H.R. 3996, which would make the 75-25 match permanent. We believe this would provide a permanent solution to the problem, thereby putting to rest the question of how states are required to contribute. As we pointed out earlier, consistent policies are imperative for states to enact federal initiatives.

In conclusion, Mr. Chairman, we would like to thank you for this opportunity to bring these issues to the committee. State and local law enforcement has proved to be a vital force in our effort against drugs. We believe that through by increasing the amount of aid that goes to our states, cities and towns, and by retaining the current formula required for participation in the block grant program, we can better ensure the American people that their streets will once again become safe. We pledge our support to you, Mr. Chairman, and to the committee in working to provide adequate funding levels for state and local law enforcement efforts.

WEDNESDAY, MARCH 28, 1990.

NATIONAL DRUG CONTROL STRATEGY, JUVENILE ASSISTANCE PROGRAM, AND STATE JUSTICE INSTITUTE

WITNESS

MICHAEL E. BOX, ALABAMA STATE REPRESENTATIVE AND VICE-CHAIR, HOUSE JUDICIARY COMMITTEE ON BEHALF OF THE NATIONAL CONFERENCE OF STATE LEGISLATURES

Mr. SMITH. State Representative Box.

Mr. BOX. Good afternoon, Mr. Chairman.

Mr. SMITH. Good afternoon.

Mr. BOX. I am Mike Box, a member of the Alabama House of Representatives, where I serve as the vice chairman of the House Judiciary Committee, and I am also the chairman of the National Conference of State Legislatures' Committee on Law and Justice. It is in that capacity that I speak to you today. You have a copy of my prepared remarks which I will offer for the record.

Mr. SMITH. We will put that in the record.

Mr. BOX. And I will just very briefly hit some of the highlights.

Mr. SMITH. Please proceed.

Mr. BOX. NCSL supports continued funding for drug enforcement programs, for juvenile justice programs, and research. All of these areas are essential to the States in our war against crime and war on drugs.

In Alabama you get a very good return on your investment. For example, the Federal dollars offered to us in assistance in the last Fiscal Year totalled almost $3 million. We eliminated, over the last two and a half years, close to $700 million in marijuana and drugs from the streets of Alabama, and it was through programs that the Federal Government provided seed money for. We would like to see that level of funding continue into the future.

Juvenile justice programs have been proposed to be eliminated by the President's budget. We would encourage the members of the subcommittee to continue that program, as well. We have been able to use Federal assistance to provide some innovative approaches to juvenile justice that have allowed us to target juveniles before they become hardened criminals and to start them on the road toward rehabilitation by setting up residential programs. These will be in danger of insufficient funding if this program is eliminated, so I would encourage the Congress to continue appropriations for that.

The most significant point I think that I would like to mention right now is probably a repetition of Mr. Murphy's statement involved with matching money. In Alabama, if the proposal that was enacted by the drug law of 1988 goes into effect October 1, we will be forced to match on a 1 to 1 level.

For example, this year I believe we are slated to receive, in the current Fiscal Year, about $6 million in Federal matching money. We would have to come up with $6 million of State money to continue that level, and with the financial straits that we are under in Alabama, we would be forced in essence to make a decision either to discontinue other programs, some of which we would probably rather not do without, or increase revenues through increased taxes.

NCSL does not advocate a specific level of matching, but I personally would encourage Congress not to implement the 50-50 match. Leave it, at most, at 25 percent. The State of Alabama is willing to work with Congress in fighting drugs and fighting crime, but we hope that Congress will not force us to choose whether to eliminate some existing programs that we have and that we are funding with State dollars, or whether we would rather have Federal assistance.

We appreciate the help that you, Mr. Chairman, have been in working with NCSL in the States over the past several years. We are very thankful for that, and we pledge to you our continued assistance and cooperation with you and your staff.

Thank you, Mr. Chairman. Have a good day.

Mr. SMITH. Thank you very much for your statement.

[The prepared statement of Representative Box and additional materials follow:]

TESTIMONY OF
REPRESENTATIVE MICHAEL BOX
ALABAMA HOUSE OF REPRESENTATIVES

ON BEHALF OF THE
NATIONAL CONFERENCE OF STATE LEGISLATURES

BEFORE THE
HOUSE APPROPRIATIONS SUBCOMMITTEE
ON COMMERCE, JUSTICE, AND STATE,
THE JUDICIARY, AND RELATED AGENCIES
U.S. HOUSE OF REPRESENTATIVES

CONCERNING
JUSTICE APPROPRIATIONS

MARCH 28, 1990

Mr. Chairman and distinguished members of the Subcommittee:

Good afternoon. I am Representative Mike Box of Alabama. I serve as Vice Chair of the Alabama House Judiciary Committee and also as Chair of the Law and Justice Committee of the National Conference of State Legislatures (NCSL). I am here today on behalf of NCSL, which serves the legislators and staffs of the nation's 50 states, its commonwealths and territories.

NCSL policy recognizes that the only effective approach to attacking the problem of crime and drugs is through an intergovernmental partnership. A federal financial commitment is essential, but it must be balanced with assurances that the important values of federalism are maintained. Our partners at the state level, the National Governors' Association and the National Criminal Justice Association, share the goal of a strong state-federal partnership. They join us in urging that the following guides be considered:

> Distribute drug law enforcement funds through the states to encourage statewide strategies.
>
> Maintain funding at a consistent level to facilitate responsible planning.
>
> Avoid matching fund requirements that are so onerous that they discourage acceptance of federal policy objectives.
>
> Avoid conditions and mandates that stifle creative development of policy at the state level.

State Drug Control and System Improvement Grants

NCSL strongly urges the continued assistance of the national government in our fight against illicit drug use and its related problems, from prison crowding to AIDS. Expenditures for criminal justice should be balanced with needs in treatment and education. Federal spending decisions should be made with the knowledge that states have and will continue to spend considerably more on law enforcement and judicial and corrections programs than the federal government, and we will continue our growing commitment.

Our commitment is shown in many ways, but perhaps it is seen most starkly in the area of corrections. The states of California, New York and Texas each expects to spend more than $1 billion on corrections during fiscal year 1989. The total federal contribution for all states of one-half billion dollars to fight the war on drugs is only one-half of what one of these states spends on corrections alone. Overall, state general fund expenditures for corrections are increasing at twice the rate of total state budget growth.

The question of the level of funding must be related to the goals that the government desires. Current language under the Anti-Drug Abuse Act of 1988 expresses an interest in innovation and requires the states to match spending from another source to supplement the new programs. Innovation is vital to seeking solutions to the intractable problems of crime and drugs, but an interest in innovation should be balanced with a commitment to stabilize programs whose usefulness has been well demonstrated. Little purpose is served in beginning a new program when the transfer of funds will cause the discontinuance of worthy programs.

For states, the assurance of continuity is an important factor in achieving rational public spending. State legislative and budget processes can insure the stable funding that is necessary for better planning and implementation. When the federal government becomes our partner, our processes may have to be adjusted somewhat, but every effort should be made to accommodate constitutional and reasonable state processes.

Matching grants have become an important tool for the national government to encourage adoption of national policy. Under law enforcement programs, states are required to make a significant new appropriation to programs approved by the Bureau of Justice Assistance. If the federal money is to remain an incentive for experimentation, then it is appropriate that states not be asked to raise their level of matching funds from the 25 percent level. Even if a greater justification can be made for increasing the states' share in established programs, the federal government must be conscious of the potential for such a move to be counter-productive. If states under tight budgets are not able to commit additional resources to new programs while continuing essential ongoing programs, states may opt to forego the federal incentive. The danger of this inability to spend wisely all federally appropriated dollars is increased when federal expenditures rise too rapidly for planned, thoughtful and strategic absorption.

The public perceives that the federal government is giving money to fight the war on drugs. The public may not see that accepting federal dollars means increased expenditures of state dollars. Increases in state expenditures would come either from increased taxes or from cutting other programs.

Efforts to condition the receipt of federal funds upon specific state actions should be tempered by acknowledgement of the states' investment and experience in criminal justice. States serve a valuable purpose when they innovate; innovation requires flexibility. For example, some of the most significant fiscal demands placed upon the states relate to prison crowding. We would like money from every source to build prisons and to meet constitutional standards. However, the problem is more complex, and innovation is essential. We are examining intermediate sanctions and other alternatives to incarceration. We are more carefully examining the fiscal impact of legislative sentencing decisions. And we are giving increasing attention to our relationship with county corrections.

Unnecessary restrictions on state innovation choke creative efforts to stem crime and drug abuse. Program plans of the Office of Justice Programs should not be narrowly confined to rigid doctrines that eliminate the possibility that state policy-makers might contribute to the solution. Too often, narrow agendas have been reflected in the ultimate decisions about distributing federal dollars. Even national policy-makers who are willing to admit that states are laboratories of democracy, are tempted to endorse a particular product of those laboratories to the exclusion of others. For example, the idea of boot camps for youthful offenders developed in one state several years ago, and since then several other states have studied or implemented boot camps. Now, the federal government elevates the idea for broad replication even though its usefulness may vary among jurisdictions and populations.

Funding for drug law enforcement programs should be distributed according to a statewide plan and not directly from the federal government to the local government. Statewide planning allows for a more rational expenditure of scarce federal dollars. State bureaucracies can administer and evaluate programs without adding the cost of bureaucracy at the federal level needed to properly monitor state and local spending. Every state is participating in the grant program for state drug control and system improvement. States have generally been faithful to the goal of targeting dollars to localities on the basis of need. Of course, by using the multijurisdictional approach as encouraged in the federal law, some individual jurisdictions have less autonomy in deciding how federal dollars should be spent.

In order for the committee to have a better idea of how this program is working, let me describe some of the elements of the plan in Alabama. In Alabama, we received $3 million for Fiscal Year 1989, of which 52 percent was mandated by the federal law to be disbursed to local government. For fiscal year 1990, we are to receive $6.5 million, of which, over half is to go to local governments. In Alabama, more than the 52 percent required by federal law actually goes to local government because of the widespread use of the multijurisdictional task forces. The value of these task forces to Alabama is shown by the fact that in the past two and one half years, law enforcement has removed from circulation the street value of as much as $700 million worth of drugs.

Besides multijurisdictional task forces, part of the federal funds will be spent on drug testing programs in the state correctional facilities, improvement of forensic labs and on the DARE program for the school.

If federal money is intended to encourage development of strategies and coordinated programs, then clearly funding should go through the state. Complaints by some local governments regarding delayed distribution of federal funds are misdirected; the limited federal contribution to even the largest local jurisdictions would provide little more than the cost of a few officers. We urge Congress not to succumb to the temptation of spending in a non-strategic manner funds designed to encourage comprehensive planning.

Juvenile Justice Programs

NCSL urges continued strong federal support for juvenile justice programs. The loss of federal dollars would reverberate throughout our juvenile justice system. The dollars serve as an incentive to the expenditure of substantially more state dollars. Without the incentive, some of these programs would not necessarily meet the priorities that we in the legislature must set with limited state funds. The federal funds help to encourage new efforts that can in the long run save money.

Again, I will use my state only as an example of what these funds mean to all states. In the most recent fiscal year, Alabama received $781,000 for Juvenile Justice and Delinquency Prevention. We have for several years been in compliance with requirements of the Juvenile Justice and Delinquency Prevention Act that relate to deinstitutionalization of status offenders and removal of juveniles from adult secure detention facilities. Federal funds continue to be important not only in helping us maintain compliance but also in giving encouragement to new programs.

Our program initiated with federal funds is a juvenile restitution program. With this program, we spend less than we would on incarceration or probation. In Tuscaloosa, we began with $27,000 in federal funds to start the program that includes monetary restitution for victims, community service for victimless crimes and mediation between perpetrator and victim where appropriate. We started with 25 job slots for juveniles to earn money to pay restitution last year. This program now has 200 job slots, and we have increased our incentive to the local jurisdiction to $50,000. During the past year, more than 300 juveniles were ordered to pay restitution. So far, our experience shows the promise of deterring even the chronic juvenile offender from future offenses.

A substantial part of our OJJDP funds goes to development of a mental health facility that takes the hard core youthful offender and teaches him skills and instills self esteem. About 16 percent of the money for this program comes from OJJDP funds. With continued federal, state and local support, we have made substantial progress in just a few years.. The thirty children who are a part of this program stay from six months to two years to develop the ability to function positively in their family and community. Nearly half of these children come from households with substance abusers. After releasing the youths, we monitor their progress. Last year, three-fourths of the children discharged completed a full year back in their communities without further involvement in the court system. The state and local governments contribute most of the funds for this comprehensive program and even parents are asked to make contributions. The federal dollars provide a valuable incentive for us to expand the program, particularly as the increase in drug abuse and gang activity continues to complicate our work. Cutting back would be tragic.

Recently, the Alabama Division of Youth Services was awarded a $500,000 grant from the Edna McConnell Clark Foundation to expand our work in the area of alternatives to youth incarceration. Among the programs that we will be developing are community corrections, home detention and electronic monitoring, juvenile restitution programs and community service programs. We continue to seek innovative ways to work with juvenile offenders. The contribution that the federal government makes to these programs is one of fostering experimentation. This is a proper role for the federal government.

Cutting juvenile justice funding and substituting specific programs for high-risk drug offenders, artificially isolates one symptom of the juvenile justice problem. By shifting money from essential residential programs that deal with the young offender, the population at risk would necessarily expand, exacerbating the problem. The state system for juveniles has 565 beds in four campuses. The federal funds for juvenile justice assist us in the placement of an additional 500-800 detainees, including hard core offenders at seven regional facilities. Cutting off federal funding for these residential activities would send shock waves throughout our juvenile justice system.

Legislatures are confronted with difficult questions about the priorities in their budgets. Sometimes even the limited amount of federal dollars made available to the state can spell the difference in whether the program would be funded. Removing juveniles from adult jails, for instance, can be expensive, especially in rural areas where there are few economies of scale. If the federal incentive is gone, states may determine that the cost of the programs is not justified by the benefit the state would receive, and the programs would be terminated. The federal money has an effect beyond the pure dollars and cents provided the state. Creating a heightened sense of importance can lead to increased commitment from the states. Cutting this program would be a costly mistake.

Research programs

The State Justice Institute, slated for elimination under the President's budget proposal, should be continued. With this program, the federal government multiplies its dollars through programs designed to improve court systems that face a continuing build-up because of the increasing number of drug arrests. Money to encourage innovation is needed to prevent a bottleneck in the prosecution of drug offenders.

Last fall, I attended a conference on legislative-judicial relations, which was underwritten in part by the State Justice Institute. One of the most important parts of the program was the exchange between judges and legislators on the needs of the judicial system resulting from laws passed by the legislature to punish drug offenders.

In addition, the Federal Courts Study Commission is due to release its recommendations soon. Preliminary reports indicated that there was increasing sentiment to move federal court burdens to the state courts, through curtailing diversity jurisdiction and shifting the burden for drug prosecutions. The existence of such a report highlights how federal laws and systems can effect the state court systems. Under these circumstances even greater attention should be paid to the programs of the State Justice Institute, which is able to foster innovation in the state courts.

NCSL strongly supports continued funding for the criminal justice research capabilities of the federal government. The work of the Bureau of Justice Statistics, the National Institute of Justice and the National Institute of Corrections are essential roles for the federal government. Each of these assist the states through research, training, technical assistance, information dissemination and demonstration programs that contribute to an effective partnership between the federal, state and local governments.

Conclusion

NCSL commends the Congress for exhibiting strong interest in maintaining a significant federal role in the partnership to attack the problems of crime and drug abuse. Sustained funding at levels approved last year will contribute significantly to our efforts. We urge you to maintain the strong federal commitment made to us in recent years.

A Better Scorecard: States Are Helping Local Governments

New research reveals that states have been helping cities more than they are getting credit for.

Steven D. Gold

New light is being shed on an old controversy. A constant complaint of mayors and other city officials is that state governments are not doing enough to help their cities. Legislators and governors typically have responded by pointing to all the financial aid they're providing: aid to local governments is the biggest part of the budget in every state.

The U.S. Census Bureau has been the place where people turned when they needed hard data about state aid. Census statistics seem to support some of the complaints. They say that in the 1980s state aid to local governments grew more slowly than other state spending. They also indicate that more than 60 percent of state aid is for education. The next largest piece is for welfare, a responsibility that local officials maintain ought to be paid for by the state in any case. Excluding education and welfare, state aid does not seem as impressive, shrinking from $149 billion to $39 billion in 1988.

Two new studies put state aid in a better light, demonstrating that states do more to help local governments than the Census Bureau statistics suggest. This new information picks up where the Census Bureau leaves off, focusing on other ways that states help local governments besides providing money directly.

The first study is *America's Ailing Cities*, by economists Helen Ladd and John Yinger (Johns Hopkins University Press, 1989, $30). Ladd and Yinger consider what they call "institutional assistance" as well as direct financial aid. States provide assistance through institutions in two ways: by taking over functions that used to be local responsibilities and by allowing local governments to tax sales and income as well as property.

When the state takes over a function, the aid formerly provided for it disappears. For example, consider how Medicaid is financed in a hypothetical state, where counties administer it. If the state pays for 80 percent of the $1 billion cost (aside from the share paid by the federal government), the Census Bureau counts that as $800 million of local aid. Now suppose that the state fully takes over, absorbing the $200 million cost that the counties previously had to bear. In reality, the state has increased its aid by $200 million, but the Census Bureau instead subtracts $800 million because Medicaid is no longer a local program.

Another way that states help cities and counties is by allowing them to tax sales and income. Ladd and Yinger find that an income tax that covers the earnings of all city workers, not just residents, is particularly helpful in bolstering a city's fiscal health. A sales tax also makes it possible to tax non-residents.

In their calculations for 70 large cities, Ladd and Yinger found that state assistance through such fiscal institutions was nearly as great as assistance through grants. Between 1972 and 1982, assistance through fiscal institutions accounted for 45 percent of the total increase in state assistance.

Assistance through fiscal institutions is particularly important for distressed cities. Ladd and Yinger find that "states do over five times as much to improve the relative fiscal position of fiscally troubled cities by giving them access to taxes with export potential and by divesting them of service responsibilities, as by giving them above-average grants per capita."

There is a trade-off between assistance through grants and institutions. States that are generous in one category tend to be parsimonious with the other. In fact, "the states with the most generous intergovernmental grants tend to be the ones that provide the least overall assistance to their cities" because their institutional assistance is so low.

Ladd, a senior fellow at the Lincoln Institute of Land Policy on leave from Duke University, emphasizes that analysis "is not meaningful unless you look at the whole set of ways that states provide assistance. If only part of the total assistance package is considered, conclusions may be very misleading."

Perhaps the most important contribution of *America's Ailing Cities* is the new analytical framework it presents for dissecting the fiscal health of governments. It measures a city's fiscal health by calculating the difference between expenditures needed to fund public services and its revenue-raising capacity. This measure of fiscal health does not depend on how much a city actually spends and taxes or whether its budget is running a surplus or deficit.

A major finding is that most large cities would have been a lot worse off between 1972 and 1982 were it not for help from state and federal governments. Not counting outside assistance, the average gap between needs and revenues widened 11 percent over that period. The actual situation was not that

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Steven Gold is NCSL's director of fiscal studies and the author of *Reforming State-Local Relations: A Practical Guide*, recently published by NCSL.

bad, because increases in state and federal assistance offset the decline for the average city. In other words, states and the federal government boosted their help to cities, but they merely offset the decline of city economies and the increased need for services caused by escalating social problems. The authors note that federal aid to cities has decreased considerably since 1982, removing one of the main props that formerly helped to maintain their fiscal health.

Ladd and Yinger draw two other conclusions that reflect well on the states:

- Cities with the poorest residents receive the most state assistance. They say that "this assistance . . . greatly reduces the fiscal disadvantage of these cities relative to cities with richer residents."
- Changes in state assistance between 1972 and 1982 were particularly favorable to cities where the income of residents was growing relatively slowly.

All states do not treat cities equally well, according to the authors. One key factor is how well off a state is itself. "The better a state's own fiscal health, the more assistance it gives to its central cities," they say. Another factor is need. The seven most generous states all have cities with poor fiscal conditions, while two of the three least generous states (California and Utah) have cities far healthier than average.

The second new study is *State Aid to Local Governments, 1989*, published by the National Association of State Budget Officers (NASBO). This report complements the Ladd-Yinger book by providing many details about state policies affecting local governments through 1988. For example, it reveals that 22 states have assumed responsibility for some local services since 1982. Most of the changes have involved the criminal justice system. Eleven states assumed more responsibility for courts, and three have taken over some jails.

Another virtue of the NASBO study is that it excludes federal aid that is passed through by the state to local governments. The Census Bureau includes such pass-through aid in its tabulation of state aid to local governments.

In a recent report, Helen Ladd has compared the changes in state aid to local governments between 1982 and 1987 as reported by the Census Bureau and NASBO. The average real per capita increase in aid is 50 percent higher according to the NASBO data, which excludes federal pass-through aid. This reflects the fact that reductions in federal aid in the 1980s have tended to depress the growth of state aid reported by the Census Bureau.

Karen Farrell, the author of the NASBO report, stresses two other major findings: "State aid grew faster than overall state spending, rising 62 percent between 1982 and 1988, while total spending increased 51.5 percent. And unrestricted aid rose faster than categorical aid."

Ladd and Yinger predict that, barring new federal or state initiatives, many cities will continue to suffer. Their ability to help themselves is severely limited, since "poor fiscal health is not caused by poor management, corruption or profligate spending." They therefore urge states to target aid toward cities in trouble, using concepts like those they developed in their book. They also call on the federal government to increase its direct assistance to ailing cities, particularly because poor states have only a limited ability to assist their cities, and the federal government has a unique role to play in ensuring minimum standards of living for the poor and disadvantaged.

Yinger, a professor of economics and public administration at Syracuse University's Maxwell School, used the framework he developed with Ladd in the tax study he co-directed for the state of Nebraska, analyzing state assistance to local governments in that state. He believes that this approach can be helpful to all states in improving their policies affecting localities. "In most states the distribution of aid is ad hoc and not based on well thought-out concepts," he argues. "Often states don't consider the full range of options available."

This new information about state-local relations is of great importance because local policies are destined to rise in prominence in state capitols in the 1990s. Regardless of whether there's a "peace dividend," Washington is unlikely to reopen the spigots of aid that poured out to states, cities, and counties in the 1960s and early 1970s. Increasingly, it is up to the states to deal with the fiscal problems of their local governments. When local governments are ailing, the disease can easily infect the whole state. Having an analytical framework that encompasses all major kinds of assistance is important because it helps in developing effective policies. ●

Other Ways to Help Local Governments

A new book published by NCSL, *Reforming State-Local Relations: A Practical Guide*, describes numerous ways states can help local governments, besides providing direct grants. Some examples:

- Assume responsibility for services that are very burdensome for local governments, such as combating drugs, caring for people afflicted with AIDS, and helping the homeless.
- Develop statewide, state-financed programs to combat problems like teen pregnancy, infant mortality and school dropouts.
- Create regional organizations to support cultural facilities, transit and hospitals that care for the poor.
- Allow more options in revenue-raising, such as sales or income taxes.
- Provide technical assistance to help disseminate cost-cutting innovations and increase productivity.
- Strengthen property tax administration.
- Organize pools for investments, insurance and revolving loans to help with infrastructure.
- Relax limitations on local spending and revenue.
- Give local governments more latitude to deny property tax exemptions.
- Relieve property tax burdens of low income households.
- Relax or repeal mandates that raise local costs, and create a process to ensure that the costs of new mandates are weighed before they are imposed.

The book also discusses ways of reducing the cost of local government, advocates creation of state-local organizations dedicated to improving state-local policies, and urges states to create systems to track local fiscal trends so that policymakers can have better information on which to develop local policies. The Ladd-Yinger approach is mentioned as one important potential component of such a system.

WEDNESDAY, MARCH 28, 1990.

IMMIGRATION AND NATURALIZATION SERVICE

WITNESS

ERICH PRATT, EXECUTIVE DIRECTOR, UNITED STATES BORDER CONTROL

Mr. SMITH. The next witness is Erich Pratt.

Mr. PRATT. Hello, Mr. Chairman. My name is Erich Pratt. I am executive director of U.S. Border Control. Thank you for the invitation to be here to present the views of our members regarding the budget request for the Immigration and Naturalization Service. I have a longer statement that I have submitted for the record, so I will summarize my comments.

Mr. SMITH. All right, please proceed.

Mr. PRATT. I would like to begin my comments by discussing the Border Patrol funding.

If you have ever been to the border or seen a video tape of the Border Patrol working on the border, you know what an incredible task they face. It is not uncommon to see two lone patrolmen trying to stop dozens of aliens from illegally crossing. Once the patrolmen are out of sight, the aliens successfully come in. Now that cat and mouse game goes on every day.

The 1986 Immigration Reform and Control Act tried to correct this, and authorized 1,600 additional Border Patrol agents. Unfortunately, that number was never met. As of the fiscal year ending in 1989, the Patrol had only risen by 600 officers for a grand total of 3,821. The INS is only asking for 176 new Patrols, but I hope this subcommittee will seek to meet the levels promised under IRCA.

I know that money is tight right now, especially with the heightened concern over the Federal deficit, but money spent on Border Patrols will result in savings in other areas. Consider the following costs which both the Federal Government and the States absorb right now:

Public housing costs, for instance, are enormous. Illegal aliens occupy over 56 percent of the public housing in Los Angeles. Imagine, when there are homeless American citizens living on the streets, the Federal Government helps house people who have broken the law to get here. Also, public education costs are very high, of course. In 1989, Dade County alone spent over $20 million to educate undocumented alien children.

Health care costs are yet another burden. Over 68 percent of babies born in Los Angeles are to illegal alien parents, and it is estimated that undocumented aliens cost Los Angeles County over $150 million per year in medical services. Also, social security benefits have been a problem, as undocumented aliens have collected millions of dollars in these benefits.

By securing our border, we can at the very least make sure that these numbers do not continue to increase. Our border needs far more than just 176 new agents, and we can't be sure the IRCA has substantially reduced the number of illegal border crossings.

It is true that the number of border apprehensions has gone down since IRCA was passed. We have been told that IRCA is the reason for this, but I am not sure that IRCA should get all the credit for this. The only fact that we can be sure of is that apprehensions have declined, but the truth is that apprehensions have declined in large part because fewer agents were patrolling the border.

Since IRCA was passed in 1986, Border Patrol agents have been pulled off the border to work in amnesty centers, doing things such as interpreting, as security, and as general staff members. Also, other Border Patrol agents have been pulled off the line to help train employers in filling out I-9 forms, and still other Border Patrol units have been moved inland for up to 6 months at a time.

Obviously, then, one reason apprehensions were down is that there were fewer people patrolling the border. This is, in fact, confirmed by the data from last year. Last year border apprehensions started rising, and they continued rising through this year. When this subcommittee asked INS Commissioner Gene McNary about this last Wednesday, he said the recent increase was due to more people working on the border.

So when one sees that apprehensions have gone down, one significant factor to consider is that the number of officers on the border has also gone down. The needed 1,600 patrolmen promised by IRCA were never added. Thus, I would ask the subcommittee to give the Border Patrol the manpower promised in 1986, so we can really make IRCA work and cut costs in our social welfare spending.

We have three other requests that are presented in greater detail in my testimony, and I will only very briefly summarize them.

The first request concerns the so-called family fairness policy which the INS has initiated. We feel that not only is this policy unfair and discriminatory, it opens the door to widespread fraud. After the last amnesty, which was the SAW amnesty—the Special Agricultural Workers—it was estimated that over 50 percent of the applications were falsified.

The INS has actually identified at least 398,000 cases of possible fraud, but admits it lacks both the manpower and the money to prosecute individual applicants. INS officials says the agency is approving 94 percent of the applicants overall. So based on this recent fiasco, we urge the subcommittee to withhold funds for the implementing of this new amnesty.

Finally, we are asking the subcommittee to increase the INS funding for conducting background checks on immigrants, and also to provide enough funding so that the antidrug canines can cover all the border checkpoints 24 hours a day.

This concludes my formal statement. Again, I thank you for the opportunity to testify.

Mr. SMITH. Okay. Thank you very much for being here.

[The prepared statement of Mr. Pratt follows:]

UNITED STATES
BORDER
CONTROL

STATEMENT OF ERICH PRATT

EXECUTIVE DIRECTOR, U.S. BORDER CONTROL, BEFORE THE HOUSE APPROPRIATIONS SUBCOMMITTEE ON THE DEPARTMENTS OF COMMERCE, JUSTICE, STATE AND THE JUDICIARY AND RELATED AGENCIES

Mr. Chairman and members of the subcommittee, I am Erich Pratt, Executive Director of U.S. Border Control. I thank you for the invitation to be here and present the views of our members regarding the budget request for the Immigration and Naturalization Service (INS).

Border Patrol Funding

I would like to begin my comments by discussing the Border Patrol funding. If you have ever been to the border or seen a video-tape of the Border Patrol working on the border, you know what an incredible task they face.

It is not uncommon to see two lone Patrolmen trying to stop dozens of aliens from illegally crossing. Once the Patrolmen are out of sight, the aliens successfully cross.

Of course, this cat-and-mouse game only occurs when the Border Patrol is present. Hundreds of border miles lie unprotected every day and night, allowing thousands of immigrants to cross without being stopped.

The 1986 Immigration Reform and Control Act (IRCA) authorized 1600 additional Border Patrol agents. But that number was never met. As of the fiscal year ending in 1989, the Patrol had only risen by 600 officers, for a grand total of 3821.

The INS is only asking for 176 new patrols. But I hope this subcommittee will seek to meet the levels promised under IRCA.

Money is tight right now, especially with the heightened concern over the federal deficit. But money spent on border patrols will result in savings in other areas. Consider the following costs which both the federal government and the states absorb:

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* Public Housing. Illegal aliens occupy over 56% of the public housing in Los Angeles. Imagine, when there are homeless American citizens living on the street, the federal government helps house people who have broken the law to get here.

* Public Education. In 1989, Dade County alone spent over $21 million to educate undocumented alien children. That cost does not include the millions of dollars spent to build new schools in the Miami area. According to Sen. Bob Graham, Dade County added on the average in 1988-89 "a new school every month populated exclusively by Nicaraguan children, most of whom would be categorized as illegal aliens."

* Health Care. Over 68% of babies born in Los Angeles are to illegal alien parents. And it is estimated that illegals cost L.A. County over $150 million per year in medical services.

In Orange County, CA, the problem is so bad that hospitals must now post guards to keep illegals from coming into their hospitals. They are so overcrowded that women are laboring in the halls.

* Social Security. The Social Security Administration estimates that by the year 2026, they will be paying more than $8 billion in Social Security payments every year to illegal aliens. Currently, illegals collect $17 million a year in Social Security benefits.

By securing our border, we can -- at the very least -- make sure these numbers do not continue to increase. Our border needs far more than just 176 new agents. We can not be sure that IRCA has substantially reduced the number of illegal border crossings.

It is true the number of border apprehensions has gone down since IRCA was passed. We have been told that IRCA is the reason for this. But should IRCA get all the credit?

The only fact we can all be sure of, is that apprehensions have declined. Now that could mean illegal immigration has declined a significant amount, or it could mean there have just been fewer agents on the border.

The truth is that since IRCA was passed in 1986, Border Patrol agents have been pulled off the border to work in amnesty centers as interpreters, as security and as general staff members. Other Border Patrol agents have been pulled off the line to help train employers in filling out I-9 forms. Still others have been moved inland for other purposes.

When the riots broke out in Oakdale, LA and Atlanta, GA, two Border Patrol units (that were trained in riot-suppression) were removed from border duty for up to six months at a time.

Obviously then, one reason apprehensions were down is that there were fewer people patrolling the border.

This is, in fact, confirmed by the data from last year. Last year border apprehensions started rising -- and they have continued rising through this year. The INS reports that in February, apprehensions of undocumented aliens were up 66 percent. When this subcommittee asked INS Commissioner Gene McNary about this last Wednesday, he said the recent increase was due to more people working on the border!

So when one sees that apprehensions have gone down, one significant factor to consider is the number of officers on the border. The needed 1600 patrolmen promised by IRCA were never added.

Thus I would ask the subcommittee to give the Border Patrol the manpower promised in 1986, so we can really make IRCA work and cut costs in our social welfare spending.

Family Fairness

In February, the INS initiated a new policy -- the so-called Family Fairness policy. Despite what its name portends for itself, this policy is quite unfair and discriminatory. Furthermore, it will open the doors to fraud. We request this subcommittee add a clause to the budget specifying that no funding will go towards implementing this policy.

This new policy gives certain aliens a stay -- or better yet, an amnesty -- from deportation. The problem is, hundreds of thousands of ineligible aliens could falsify their applications, just as was done in the most recent amnesty.

Under the Special Agricultural Worker (SAW) amnesty, thousands of illegal aliens falsified their amnesty applications and are now receiving green cards. Federal officials estimate that 50% of the 1.3 million applications for amnesty were falsified.

[Fifty percent is only the nation-wide figure. In Houston, the estimate of fraud runs as high as ninety-five percent.]

The INS has actually identified at least 398,000 cases of possible fraud, but admits it lacks both the manpower and the money to prosecute individual applicants. INS officials say the agency is approving 94 percent of the applicants over all.

Based on this recent fiasco, we ask for one of two things: either that Congress give the INS a tremendous boost in manpower so they can investigate the applicants receiving this new "Family Fairness" amnesty, or that Congress withhold funds to prevent this policy from being carried out at all.

In addition to being susceptible to fraud, the Family Fairness policy is discriminatory for two reasons. First, it allows illegal aliens to jump in line ahead of immigrants who have been waiting patiently for years to enter the country.

The first amnesty discriminated against immigrants in the same way. I know one lady in the Washington, D.C. area who owns a business, employs several U.S. citizens and brings thousands of dollars into the country. She has been trying to get her green card for several years. And yet, after seven years of effort, thousands of dollars spent, lengthy delays (the Labor Department lost her files) and attending hearing after hearing, she still does not have a green card. But her cousin, who was an illegal alien in this country, got "amnestied" under the 1986 IRCA and then got his green card in 1988.

Second, the so-called family fairness policy discriminates against permanent residents. Some permanent residents may wait up to 11 years before they can have their spouses and children join them. But not the aliens legalized under the 1986 IRCA. Under Family Fairness, they can be reunited with their families -- a special privilege indeed.

The end result will be that our laws will treat former illegal immigrants more generously than our permanent residents (who waited patiently to get into this country -- legally).

Perhaps the most popular argument in favor of this amnesty policy is that of compassion. "It is cruel and inhumane to divide families," the supporters claim. Thus, "we must show compassion and reunite the families of the newly legalized aliens."

However, this amnesty policy only shows selective compassion, and selective compassion in reality is discrimination. This provision only shows compassion to the "amnestied" aliens living in the country, but not to our permanent residents.

Last year, would it have been compassionate for the Federal Emergency Management Agency to have given aid to those in San Francisco but not those in St. Croix? No, that would be discrimination. Likewise, this amnesty policy is not compassionate, rather it discriminates against the lawful aliens residing in our country.

This amnesty policy, in addition to being discriminatory, will encourage even more illegal immigration. After all, we will be sending a message to aliens abroad that we are not serious about stopping illegal immigrants, but rather, that we will reward such law-breakers with more amnesties. Every additional amnesty, or "stay of deportation," only helps to further erode our border laws.

Background Checks

Next month is the ten year anniversary of when the Cuban boatlift began. It is good time to reflect on mistakes we have made in the past.

As you know, in 1980 we allowed over 100,000 Cubans to come here without background checks. Thus we were unable to screen out thousands of criminals -- somewhere in the range of 40,000 - 80,000.

Because of the Cuban fiasco, I was distressed to hear what last year's Justice Department audit of the INS revealed. The audit found that in "virtually 100 percent" of the cases they studied, the INS fails to perform fingerprint and background checks on immigrants -- procedures that serve as a valuable tool for weeding out criminal or terrorist aliens.

[A 1986 audit found that no background checks were conducted on about 50% of the cases studied by the audit.]

To my knowledge, this oversight has not been corrected.

I hope the Appropriations Subcommittee will increase the INS funding for conducting background checks on immigrants -- especially since the INS will be giving amnesty to thousands of immigrants under the so-called Family Fairness policy.

Canines

Finally, I would encourage this subcommittee to add more than the 70 canines the INS is requesting. In testimony last week, the INS revealed that 70 additional canines will not be enough to cover all the border checkpoints, 24 hours a day. The only reason the INS is not asking for more, they said, was because they did not think Congress would fund more than 70 additional dogs.

The INS will be supplying this committee for the record, an estimate of how many canines are needed to cover the border. I hope this subcommittee will supply that number. These dogs are one of the best weapons we have in the War on Drugs; and we need them at the southern checkpoints on our border, 24 hours a day.

In conclusion, U.S. Border Control supports the INS budget. We only ask for a more generous helping for the Border Patrol and the canine teams. And, we ask this subcommittee to increase funding for INS background checks on immigrants and to withhold funds for the so-called Family Fairness policy.

WEDNESDAY, MARCH 28, 1990.

GENERAL JUSTICE PROGRAMS

WITNESS

BRUCE DIRECTOR, ON BEHALF OF THE NATIONAL DEMOCRATIC POLICY COMMITTEE

Mr. SMITH. Mr. Director.

Mr. DIRECTOR. Thank you very much, Mr. Chairman, for the opportunity to speak today. My name is Bruce Director. I am representing the National Democratic Policy Committee. I am also the Democratic nominee for Congress from the 22nd Congressional District of Texas. I have some written testimony, and I would like to just make a brief oral statement.

Before considering any appropriations for the Department of Justice, Congress must take into account the indisputable fact that the Department of Justice has increasingly become an agency for arbitrary action by the executive branch. The out-of-control nature of the Department of Justice can be seen both in terms of the so-called Thornburgh doctrine, which authorizes the executive to violate international law in furthering political objectives, and in the abuse of its law enforcement authority to target domestic political opponents of the executive.

It is clearly ironic that as revolutions sweep Eastern Europe, overthrowing governments characterized by all-powerful, unchecked executives, the United States is experiencing an increasing concentration of arbitrary power in the hands of the executive branch. In his essay, "The Power of the Powerless," playwright Vaslak Havel, now President of Czechoslovakia, discusses the legal code of a totalitarian state this way:

> Like ideology, the legal code functions as an excuse. It wraps the base exercise of power in the noble apparel of the letter of the law. It creates the pleasing illusion that justice is done, society protected, and the exercise of power objectively regulated. All this is done to conceal the real essence of a totalitarian legal practice, the total manipulation of society. If an outside observer who knew nothing about life in Czechoslovakia were to study only its laws, he or she would be utterly incapable of understanding what we were complaining about. The hidden political manipulation of the courts and of public prosecutors, the limitations placed on lawyers' ability to defend their clients, the closed nature of de facto trials, the arbitrary actions of the security forces, their position of authority over the judiciary, the absurdly broad application of several deliberately vague sections of the code, and of course the state's utter disregard for the positive sections of that code, the rights of citizens, all of this would remain hidden from our outside observer.

Havel's comments clearly characterize the legal system of the U.S. today. Congress, however, is no outside observer but an active party, empowered to act. Through the separation of powers, the Constitution explicitly gives Congress the power to check such arbitrary, unbridled power in the hands of the executive. To preserve the Constitution, Congress must exercise such power before it is too late.

The U.S. invasion of Panama and the LaRouche case illustrate the arbitrary abuse of power.

Legal experts from throughout the United States and internationally have investigated the Department of Justice's actions in the LaRouche case and concluded that the DOJ's actions are reminiscent of the wildest abuses of power previously observed only in the most totalitarian regimes. The investigation and prosecution of Lyndon LaRouche was never based on any legitimate law enforcement objective.

The DOJ's actions against LaRouche were initiated for political reasons by members of the intelligence community and private organizations, such as the Anti-Defamation League of B'nai B'rith. It has been documented that as far back as 1968 the FBI was involved in Cointelpro operations against LaRouche and his associates. In 1983, Dr. Henry Kissinger, then a member of the President's Foreign Intelligence Advisory Board, had a series of correspondence with then head of the FBI William Webster, asking the FBI to take action against LaRouche's political activity.

For the next 5 years the Department of Justice, in collaboration with various State agencies, conducted an extensive "get LaRouche" operation. This operation expended massive amounts of DOJ resources during escalating periods of action against LaRouche and his associates.

The "get LaRouche" activity of the Department of Justice did not stop with the conviction and jailing of LaRouche and his co-defendants, but continues to this day. The DOJ is still refusing to release documents which contain evidence which is exculpatory for LaRouche and his associates. Such refusal is a clear abuse of power, and should immediately be investigated by Congress. A more detailed account of the LaRouche case is documented in written testimony submitted to this Committee.

The DOJ's role in the invasion of Panama is another example of the political uses of the Department of Justice. The Reagan and Bush Administrations had made a political decision to remove General Noriega as head of the Panamanian Defense Forces. Such an objective clearly violated all international standards of national sovereignty recognized since the Monroe Doctrine.

Attorney General Thornburgh ordered a legal opinion arbitrarily asserting a legal authority to the U.S. Government to violate our own Constitution and international law for the purposes of employing U.S. forces to carry out a personal vendetta of President Bush against General Noriega. Ironically, this same document is now being cited by the Soviet Union as justification for the use of military force to stop the independence movements in Eastern Europe.

There are many other examples of DOJ abuses of power. The targeting of black political leaders, the broad use of RICO, and the abuses of the OSI are among them. Checking the out-of-control abuses of the Department of Justice must be a high priority for Congress. Both the upholding of the conviction of LaRouche by the 4th Circuit, and the Supreme Court decision upholding the Thornburgh doctrine make it clear the judiciary is not willing to check such abuses. However, it should be clear that what the Department of Justice has done so far is only the beginning of far greater abuses yet to come if the DOJ is not reined in.

Finally, I would just like to note that earlier this week Attorney General Thornburgh made a speech at the Commonwealth Club in California in which he bragged that not only had the Department of Justice successfully run an operation against LaRouche, but 22 Members of Congress had also been targeted successfully by the

DOJ. I would hope that that type of statement is not seen or is not taken to intimidate Congress from doing the necessary work to rein in the Department of Justice.

Thank you.

Mr. SMITH. Thank you for your statement.

[The prepared statement of Mr. Director follows:]

NDPC National Democratic Policy Committee

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WRITTEN TESTIMONY OF BRUCE DIRECTOR TO HOUSE APPROPRIATIONS SUBCOMMITTEE ON COMMERCE, JUSTICE, STATE, AND JUDICIARY

Before considering any appropriations for the Department of Justice, Congress must take into account the indisputable fact that the Department of Justice has increasingly become an agency for arbitrary action by the Executive Branch. A detailed examination of the LaRouche case reveals a myriad of examples of abuses of power by the Department of Justice and warrants a thorough investigation by Congress for the purpose of restricting such abuses by the DoJ. Such abuses are not limited to this case but are rampant throughout the legal system as a whole.

The investigation and prosecution of Lyndon LaRouche was never based on any legitimate law enforcement objective. It has been abundantly documented that the DoJ's actions against LaRouche were intitiated for political reasons by members of the intelligence community and private organizations such as the Anti-Defamation League of B'nai B'rith.

It was revealed in the Senate Intelligence Committee hearings chaired by Senator Frank Church in the mid 1970s that the FBI engaged in Cointelpro operations against LaRouche and his associates as far back as 1968. FBI harassment of LaRouche's political activity continued throughout the 1970s.

Government targeting of LaRouche escalated in 1982. Although some documents have been disclosed through the Freedom of Information Act and various discovery motions in court actions, the full extent of the Government targeting of LaRouche and his associates is still not known because of Justice Department refusal to declassify exculpatory documents on national security grounds.

This is in stark contrast to the recent case of U.S. v. Fernandez, in which the criminal prosecution of the former CIA station chief in Costa Rica was dismissed because President Bush and Attorney General Thornburgh refused to declassify certain documents deemed exculpatory. This selective use of national security classification should be investigated by Congress. The Government should not be allowed to aid the prosecution of certain individuals by withholding classified documents while protecting others from prosecution by using the same procedure.

A review of some of the documents released in the LaRouche case, however, clearly shows that LaRouche was targeted because he ran afoul of certain elements of the intelligence community.

On August 19, 1982, Henry Kissinger wrote a letter to then FBI Director William Webster stating that he was having his lawyer contact him about how to handle LaRouche.

On November 25, 1982, Kissinger wrote another, more extensive letter, to Director Webster asking the FBI to initiate an investigation of the activities of LaRouche and his associates.

On January 12, 1983, the President's Foreign Intelligence Advisory Board held a meeting on LaRouche and accused LaRouche of being funded by East Bloc intelligence agencies. Members of PFIAB included Henry Kissinger, Leo Cherne, Edward Bennett Williams, and David Abshire. (In the criminal trial, U.S. v. LaRouche et al., in Alexandria, Va. Federal Court, the testimony revealed that Edward Bennett Williams had bragged that he was going to "nail LaRouche.")

A disturbing aspect of the LaRouche case, which is also an increasingly general practice of the Department of Justice, is the use of private organizations and the news media to assist in the prosecutions. Trial by press has proven to be essential to the DoJ in carrying out successful prosecutions of targeted individuals. This practice is a serious violation of the Constitution and a dangerous threat to the integrity of the U.S. legal system.

The collaboration between Government prosecutors and the media cited here is not ordinary Government cooperation with news organizations seeking public information for news stories. What is referred to here is the deliberate use of the news media to advance the investigation and prosecution of a targeted individual, when the Government lacks the necessary evidence to bring a prosecution, or in many cases lacks the evidence of any criminal wrongdoing. This activity includes leaks of secret grand jury testimony to the news media in violation of the grand jury secrecy laws, planting stories in the news media which Government prosecutors know are untrue, leaking details of ongoing investigations to the press which in turn cite "anonymous Government sources" thereby giving credibilty to unproven allegations, and enlisting reporters to gather information to assist in "sting" operations.

Again, the prosecutorial use of the news media is not unique in the LaRouche case. One only need look at the prosecution of any high profile individual or organization to see the same pattern. In many cases, the DoJ's goal to eliminate an individual or organization's political activity is achieved merely by initiating an investigation, leaking details of the investigation to the press, and intimidating the targeted individual or organization into plea bargaining or dropping out of public life. Faced with the prospect of a lengthy investigation, much of which is carried out in the daily press, followed by a protracted legal proceeding, many individuals or organizations will submit to DoJ pressure to plead guilty because they lack the financial resources to defend themselves and they wish to avoid the negative publicity resulting from the DoJ actions.

Much of the culpability for this un-constitutional activity lies, of course, with the news media as well as with the Government.

In the LaRouche case the Government made consistent use of the news media to further its aim of stopping LaRouche's political activity. Between October 23, 1984 and August 5, 1988 at least 65 articles appeared in the Washington, D.C. area print media, many of which contained negative information about LaRouche obtained from Government sources. Thousands of articles and news broadcasts ocured during that period through which the Government conducted a massive propoganda campaign against their targets. The first grand jury investigation of LaRouche and associates was coordinated with the Boston NBC-affiliate WBZ-TV.

During its pursuit of LaRouche, the DoJ made use of numerous private supposedly non-governmental organizations in effect giving the color of government authority to private political opponents of LaRouche. The authority for this derived largely from Executive Order 12333 which was signed by President Reagan in 1981. E.O. 12333 authorized the National Security Council to allow private individuals to conduct foreign policy on behalf of the United States Government. One such operation became known as the "Iran-Contra" affair.

The participants in the "Iran-Contra" affair played a prominent role in the prosecution of LaRouche. During the first criminal prosecution of LaRouche in Boston federal court, a memo was released from Gen. Richard Secord to Oliver North saying, "our man here claims Lewis has collected info against LaRouche." The prosecutor in the Boston case, John Markham, identified "our man here" as FBI deputy director Oliver Buck Revel. Under the direction of then-Vice President Bush's personal counsel C. Boyden Gray, three operatives associated with the "Iran-Contra" apparatus Fred Lewis, Gary Howard, and Ron Tucker were directed to conduct a "sting" operation against LaRouche.

The foreman of the jury which convicted LaRouche and six others in Alexandria, Va. was a member of the Federal Emergency Management Agency's continuity in government task force. This task force was exposed by Miami Herald reporter Alfonso Chardi for drawing up plans under the direction of Lt. Col. Oliver North to silence opposition to the Nicaraguan Contras in the event of U.S. military action in Nicaragua.

One group the Department of Justice worked very closely with was the Anti-Defamation League of B'nai B'rith. The ADL has functioned as coordinators between the Federal Government, various state governments, the news media, and private individuals throughout the prosecution of LaRouche. The ADL has bragged in its own bulletins that it played a key role in the prosecutions of LaRouche and associates.

The use of ex parte civil proceedings in furtherance of criminal prosecutions is another characteristic of an out-of-control Justice Department. The most egregious example of this tactic is the use of contempt fines followed by the involuntary bankruptcy proceedings initiated against Campaigner Publications, Caucus Distributors, and the Fusion Energy Foundation.

In October 1984, U.S. Attorney for Massachusettes William Weld convened a grand jury to investigate LaRouche and associates. In an ex parte hearing Judge David A. Mazzone imposed contempt of court fines for alleged non-compliance with grand jury subpeonas. The evidence of non-compliance was based on testimony from FBI agent Richard Egan. This same FBI agent later admitted to destroying some of the documents which were turned over to the grand jury. Judge Mazzone set the fines at $65,000 per day. Eventually the fines totaled more than $20 million.

Setting such high civil contempt fines is a tactic used by the DoJ to achieve its prosecutorial aims through the back door and administer an "economic death penalty" to the targeted organization. One of the organizations fined by Judge Mazzone was a Federal multi-candidate political action committee, the National Democratic Policy Committee. The use of contempt fines to shut down a political committee raises serious constitutional questions. A similar tactic was used recently in Virginia against the United Mine Workers. The fines themselves become the basis for shutting down the activity of the target even before any criminal trial is initiated.

After obtaining the contempt judgment, the DoJ then utilized another ex parte civil proceeding in an attempt to further its efforts. After numerous consultations between the civil and criminal divisions of the U.S. Attorney's offices in Boston and Alexandria, the Government initiated an unprecedented involuntary bankruptcy proceeding against Campaigner Publications, Caucus Distributors, and the Fusion Energy Foundation. Filing bankruptcy against three corporations whose officers were under simultaneous federal indictment and investigation, put the corporations and officers in a position where in order to fight the bankruptcy they would have to give up their Fifth Amendment rights in the criminal proceeding.

Two and one half years after the filing of the bankruptcy, U.S. bankruptcy Judge Martin V.B. Bostetter ruled the Government's actions illegal. Bostetter found the Government's use of the bankruptcy statute to be in "bad faith."

This unprecedented action is clearly an abuse of the DoJ's power which should be investigated by Congress and action taken to curtail such abuses.

The Justice Department has also allowed itself to be used in furtherance of the aims of foreign governments. This can be seen in the actions of the Office of Special Investigations as well as the LaRouche case.

It is well known that the OSI picks its targets and gets its evidence from the Soviet Union. In many cases the reliability of this evidence is highly questionable, as in the case of John Demjanjuk.

In the LaRouche case, the DoJ was caught red-handed collaborating with the Soviet government. LaRouche has long been a target of official Soviet propaganda. Such attacks escalated after President Reagan adopted the Strategic Defense Initiative, a policy which LaRouche had played a key role in developing, and to which the Soviets are violently opposed.

In March of 1986, the Soviet government began to plant false stories in the European press implicating LaRouche in the assassination of Swedish Prime Minister Olof Palme. These stories were in turn picked up by the U.S. news media and triggered collaboration between the FBI and the Swedish government. The ADL was also involved in circulating these false allegations. The AUSA in Boston, John Markham, even turned over notebooks obtained from the U.S. criminal investigation to Swedish authorities.

It has since been disclosed that Swedish intelligence had knowledge at the time that the Soviet Government was implicated in the Palme assassination.

On only a few occasions have the courts been willing to check the abuses of the Department of Justice, and then only meekly. After the DoJ was caught withholding exculpatory material in the Boston case against LaRouche, Judge Keeton found the Government guilty of "prosecutorial misconduct." However, Keeton said the misconduct was institutional and would not punish the Government for its actions.

In the decision to overturn the involuntary bankruptcy, Judge Bostetter found the Government to be in objective bad faith, but backed off from finding subjective bad faith.

When the initial prosecution against LaRouche et al. ended in a mistrial, the Government brought new charges in the Eastern District of Virginia, where Judge Albert Bryan made pretrial rulings which put a stamp of approval on the Government's abusive tactics. The Fourth Circuit recently upheld Judge Bryan's rulings. The case will now be appealed before the Supreme Court.

The above is but a mere tip of the iceberg of the out-of-control nature of the Justice Department. Congress must immediately initiate a thorough investigation of the DoJ and take measures to bring the DoJ back in line with the Constitution.

Mr. ROGERS. May I ask a question?

Mr. SMITH. Yes.

Mr. ROGERS. Mr. Director, in your written statement you say the Department of Justice was caught red-handed collaborating with the Soviet Government?

Mr. DIRECTOR. Yes. This was in the events surrounding the—and I explain it in more detail there—investigation of the assassination of Swedish Prime Minister Olof Palme. After Palme was killed, the KGB disinformation division put out the lie that LaRouche had been implicated, and Irwin Sewall of the fact-finding division of the ADL went over to Sweden to hold press conferences to further this lie.

John Markham, the Assistant U.S. Attorney in Boston who at the time was prosecuting LaRouche, cooperated with the—well, tried to further that line of investigation which was promoted by the Soviet Union, by attempting to send—well, by sending notebooks which had been siezed in the raid against LaRouche's headquarters here in the United States over to Sweden, which he thought further backed up or corroborated the Soviet lie.

Since this whole thing came out, the Swedish intelligence services revealed that at the time prior to the Palme assassination they had, through wire, electronic monitoring of the Soviet Embassy in Stockholm, had picked up prior knowledge of Soviet authorities of a plot to assassinate Palme, implicating the Soviet authorities in that assassination. And so the attempt to implicate LaRouche, the Justice Department's cooperation in that, furthered the Soviet's efforts to——

Mr. ROGERS. Well, do you plan to present this information to the grand jury down there?

Mr. DIRECTOR. Well, we presented quite a bit of this information to the grand jury and to everybody else, but I think the proper forum is the U.S. Congress, which holds the purse strings and has the power to investigate this. It has the power to do something about this. I don't think taking these matters to the Justice Department is going to necessarily provide any relief, and as I said——

Mr. ROGERS. Well, the grand jury is not the Justice Department. They are citizens of Texas. Have you been before the grand jury down there?

Mr. DIRECTOR. In relation to what, the Palme——

Mr. ROGERS. To these charges here.

Mr. DIRECTOR. No, I haven't been to the grand jury in Texas, but I am here before the U.S. Congress, asking you who has the authority under the Constitution to do something about this——

Mr. ROGERS. You made some very serious criminal charges here, and I would think you would want to go before the citizens of Texas and the grand jury down there to——

Mr. DIRECTOR. Well, if they had the authority to take action against U.S. Justice Department actions in Boston, then perhaps that would be advisable. I just don't think they have any jurisdiction over that. I think the U.S. Congress does, though.

Mr. ROGERS. Thank you, Mr. Chairman.

WEDNESDAY, MARCH 28, 1990.

IMMIGRATION AND NATURALIZATION SERVICE AND GENERAL PROGRAMS

WITNESS

DAVID PLAVIN, DIRECTOR, AVIATION DEPARTMENT, THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY, ON BEHALF OF THE AIRPORT OPERATORS COUNCIL INTERNATIONAL

Mr. SMITH. Okay. Next we will hear from Mr. Plavin on behalf of the Airport Operators Council.

Go ahead, Mr. Plavin.

Mr. PLAVIN. Mr. Chairman, I appreciate the opportunity to testify this afternoon before your subcommittee on INS appropriations. I have a formal statement which I am submitting for the Airport Operators Council International.

I am the Director of Aviation for the Port Authority of New York and New Jersey. We operate LaGuardia, Kennedy, and Newark Airports, the largest and most complex airport system in the world, and we are in the midst of a multibillion dollar redevelopment program to improve the level of service we provide to our passengers.

I am here today because INS's budgetary situation and level of service directly affect my airport's ability to function efficiently, and it affects our competitiveness vis-a-vis the other gateway airports. Obviously the same is true for all airports. Having a sufficient level of Federal services available at an airport should not be a factor in determining that airport's competitiveness.

On the weekend of March 17th and 18th, international passengers arriving at John F. Kennedy Airport encountered delays of an hour and a half in clearing immigration and saw many empty INS inspection counters. That situation was much the same at Newark International. This past Sunday at Kennedy's International Arrivals Building, only about 60 percent of the INS inspection counters were staffed during the afternoon peak period, and processing times averaged nearly an hour.

We understand that recently foreign visitors arriving at Seattle were held aboard aircraft for more than 2 hours awaiting INS inspection. I understand Congressman Dicks mentioned this to Commissioner McNary at last week's hearing. Honolulu has also experienced similar lengthy delays, as has virtually every U.S. gateway airport and sea port.

These events should not be occurring when passengers are paying a $5 fee intended to cover the costs of that processing. I don't know what has gone wrong, but the compact entered into by the airlines, INS, the airports, and the passengers has been violated.

Initially the fee was a success and it achieved its desired result. INS, through the fee, increased the number of airport inspectors from 524 in December of 1986 to 1,088 in Fiscal Year 1989, a 108 percent increase. Processing times improved dramatically.

Prior to that, the Kennedy Airport routinely experienced delays of 2 to 3 hours during December of 1986, and garnered a black eye in the press and with the traveling public from which it is still trying to recover. Since the fee was introduced, INS has significantly improved processing, so that last summer at JFK's International Arrivals Building the average passenger took about 32 minutes to clear INS, but half of course took longer than that. While that is not ideal, it is a dramatic improvement.

However, problems started to arise again late last year. First, INS imposed a 10 percent cut in overtime last December, which quickly resulted in empty INS booths at peak periods and an increase in processing time. We were led to believe this was a temporary situation and would be quickly remedied by the hiring of some 302 new inspectors nationwide.

Secondly, and unbeknownst to us, the $7 plus million available from the user fee account to enable the hiring of new inspectors was being held up by OMB. OMB refused to let INS draw down the user fee fund, as I believe Congress had intended in the enabling legislation. OMB insisted that INS comply with a bureaucratic 2-year budget process that does not take into account the fact that passengers are already at the airport waiting to be processed.

OMB finally released these reprogrammed funds, and I want to thank you for the role that you had in making that happen. INS may now commence hiring the 302 new inspectors so they can be on line before the peak summer season. However, until these inspectors are on line, we will undoubtedly encounter undesirably long processing times even with the use of overtime, which Commissioner McNary also reauthorized only 2 weeks ago. This use of overtime enabled us to handle expeditiously the inaugural flights to Newark Airport of British Airways and Lufthansa this past Sunday, and we hope that can continue.

So while we may have a temporary "fix" in place, INS needs funding to provide a better level of service and, equally important, it must consider adopting some kind of selective inspection methods.

Mr. SMITH. What do you mean by selective inspection methods?

Mr. PLAVIN. Well, I think they have experience with specific kinds of flights which means that they do not have to view each passenger personally and match them to a document.

INS needs funds to move ahead with its automation plans, which should help reduce processing times. It needs funds to pursue its machine-readable document program. It needs funding and airline industry cooperation to implement an advanced passenger information system, and its efforts to eliminate what they call their I-94 form. It needs authority to eliminate the requirement that each foreign visitor traveling without a visa sign a visa waiver form. These steps will help speed the process.

INS also needs to retain its experienced work force, particularly in high cost areas. Experienced inspectors are essential to speed passenger processing. Due to grade differentials which have arisen in the Federal services, an unacceptably high proportion of journeyman INS inspectors transfer out of INS to other Federal agencies. FAA has addressed a similar problem by offering a localized incentive pay plan to work at many congested facilities. INS should be able to do the same.

It also needs to employ part-time, seasonal, and WAE—when actually employed—personnel. It only makes sense to have people on duty during the peak travel periods, traditionally the summer months in our airports, and INS can get more bang for the passenger's buck if it employs three workers for 4 months in the summer instead of one worker year-round. However, a Justice Department audit has criticized INS for this practice.

While more full-time personnel are also needed, the use of part-timers and overtime is the most efficient way to handle peak hour, peak day, and peak seasonal demands. Complete reliance on full-time personnel would lead to inefficiencies and inabilities to handle peak traffic volumes.

How do we pay for these needs? Well, foremost we have to be certain that INS can draw upon the user fee, as I believe Congress intended. This is absolutely essential to allow INS to be responsive to a quickly changing aviation environment, with new gateways opening and expanded services at existing gateways occurring with very limited notice.

We understand that INS may propose to eliminate the current exemption from the user fee now enjoyed by North American and Caribbean travelers. If this loophole were closed, INS could increase its user fee funding by some 25 percent. We would support such a proposal.

Longer term, INS must adopt some selective inspection procedures. International air travel has been growing at 6 percent a year, and the FAA estimates that the number of scheduled international passengers carried by U.S. airlines alone will increase from last year's 37 million passengers to some 70 million passengers by the year 2000.

In the face of such growth, coupled with continued budgetary difficulties, a Federal Government policy aimed at expanding the number of gateways, and in light of the fact that more than 99 percent of all visitors to the United States are routinely cleared by INS, it seems to be unrealistic to insist on matching every visitor's face with a travel document. We urge the Committee to direct INS to review this situation and to draft appropriate legislation as necessary to change mandated requirements in order to allow selective procedure to be implemented. In our judgment, facilitation should be as important as enforcement, and this should be INS's guiding principle.

Thank you, Mr. Chairman.

Mr. SMITH. Thank you very much.

[The statement of Mr. Plavin follows:]

AIRPORT OPERATORS COUNCIL INTERNATIONAL

Statement of

David Z. Plavin
Director of Aviation
Port Authority of New York and New Jersey

regarding programs and budgets
of the U.S. Immigration and Naturalization Service

before the Subcommittee
on Commerce, Justice, State and Judiciary
of the Appropriations Committee,
U.S. House of Representatives

Wednesday, March 28, 1990

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Statement of David Z. Plavin, Director of Aviation, Port Authority of New York and New Jersey, regarding programs and budgets of the U.S. Immigration and Naturalization Service before the Subcommittee on Commerce, Justice, State and Judiciary of the Appropriations Committee, U.S. House of Representatives

Mr. Chairman, Members of the Subcommittee, I am David Plavin, Director of Aviation of the Port Authority of New York and New Jersey, which operates Kennedy International Airport, Newark International Airport and LaGuardia Airports, receiving 11.1 million international arriving passengers each year, almost one-third of the total international passenger traffic of the United States. I am testifying today on behalf of the Airport Operators Council International (AOCI), which represents the governmental bodies that own and operate the principal airports serving scheduled airlines in the United States and in many countries. AOCI airports enplane and receive virtually all U.S. scheduled international airline traffic. We appreciate the opportunity to present our concerns regarding the budget and operations of the U.S. Immigration and Naturalization Service.

Both the Port Authority and AOCI are represented on the INS' public advisory committee for the Immigration User Fee, and we take seriously our obligation to understand INS programs and objectives, to provide expert advice and to actively support the achievement of our common aims.

Mr. Chairman, tourism and business travel are absolutely vital contributors to the U.S. economy. Exports are critical to the success of American businesses, whether producers of goods for shipment overseas or of services sold here to visitors from abroad. This year, for the first time in many years, we have a favorable balance of tourism, with more people spending more money in the United States than Americans spend abroad for similar tourist purposes. Our nation cannot afford to turn off this beneficial phenomenon, especially in view of our overall balance of payments deficit, and this is why we come before you today.

There are two issues in airports' ability to serve the international air transport needs of our country: capacity and service. The efficiency and effectiveness of our federal inspection services can be determining factors in both areas. Unfortunately, the Immigration & Naturalization Service is not yet part of the solution; rather, they are still a significant source of problems. U.S. airports invest billions of dollars in international arrival terminals, and will continue to do so.

About one-fourth of the $50 billion dollars in airport capital investment needed at U.S. airports over the next five years will be for international terminals. Inefficiency and delay in federal inspection processing in our airports imposes an unnecessary penalty in extra capacity investment, that our country cannot afford.

Furthermore, the quality of service provided by U.S. inspection agencies is insidiously undermining the efforts of our communities and the federal government to attract foreign tourism. Inadequate INS staffing and poor service become significant competitive disadvantages that harm an airport's efforts to contribute to the economic growth and development of its community. Our inspection agencies create the first impression of the U.S. for an arriving foreign visitor, and that impression is an extremely negative one. The U.S. Travel and Tourism Administration surveyed outbound foreign visitors, and the overwhelming majority of comments collected were negative concerning federal inspection processing. It is dismaying that this is what remains in a visitor's mind after a visit to the United States, and it is equally dismaying to consider that the visitor will communicate to others, "Don't go to the United States; they'll treat you like dirt."

And that's what we're doing. In the last few months, foreign visitors have been forced to remain aboard their aircraft for as long as four hours after arrival, because INS doesn't have enough inspection staff to clear the normal traffic load. American citizens arriving from overseas aren't subjected to the worst of these indignities, but recently, foreign visitors at Miami, Honolulu, Newark, New York and Seattle have been forced to stand in serpentine lines for an hour or two, thousands of people filling the arrivals halls, waiting for an inspector to clear them. And all but a handful of them are cleared. This leads to an inescapable conclusion that INS is applying unnecessary effort to screen the admission of people whom we want to enter the United States, whether they are American citizens or visitors. We hope you will work with us to help INS focus its efforts more appropriately, and to apply its resources more efficiently where INS does need to spend them.

INS has requested some 884 million dollars for salaries and expenses for fiscal 1991, to fund 12,522 positions and 12,260 work-years for its programs. We urge you to appropriate these funds, and support INS' ability to meet its responsibilities. Despite this increase of 134 positions and $42 million over post-sequester fiscal 1990, INS remains severely understaffed.

For the long term, we believe that INS must adopt some kind of selective inspection procedure, to be able to handle the rapidly increasing international air travel demand. Traffic is growing at six percent per year, and the Federal Aviation Administration has estimated that the international passengers carried by just the U.S. scheduled airlines will increase from 37 million in 1989 to 70 million by the year 2000. In the face of such growth, coupled with expected continual federal budget stringency and the opening of new gateway airports, it is unrealistic for INS to continue to perform 100 percent matching of travelers and travel documents.

AOCI has taken the initiative in supporting the world-wide use of machine-readable travel documents, to allow automated screening of arriving visitors and to allow some of the screening to be done by computer in advance of the arrival process. One of the Port Authority's staff members represents all airports world-wide on the International Civil Aviation Organization's working group, seeking the universal adoption of standardized machine-readable passports and visas. We view this as important, because the majority of persons flying into the United States are not American citizens carrying machine-readable U.S. passports; they are visitors from abroad. This technology offers the prospect of saving as much as a quarter of the time it takes an inspector to process a passenger, and the possibility that our airports could use their available capacity more efficiently and our visitors could be treated decently.

This year, we will see the completion of a pilot program to test whether visas should be waived for foreign visitors from countries that generate low levels of intended illegal immigration to the U.S. This program has been beneficial to U.S. tourism, because it eliminates the need for many tourists to stand in line for visas at U.S. consulates abroad. However, as presently implemented, the visa waiver does not facilitate travel. Rather, the use of unwieldy forms and INS' insistence on detailed screening of visa waiver entrants has caused a doubling of the time INS inspectors take to process an individual passenger. The INS' handling of the visa waiver program needs improvement, by the application of automation and some modification of procedures.

Mr. Chairman, the Congress has been very supportive of our request that the U.S. inspection services operate under a fair but explicit service standard. The International Civil Aviation Organization explicitly recommends that all arrival inspections should be completed within 45 minutes after the arrival of the international flight. This means from the moment the aircraft door opens until the time the passenger walks out the exit of the inspection hall. This time limit allows an international passenger to make his onward flight connection within the normal 90 minute period that is standard in the air transport industry. Congress has reported that INS should complete its passenger processing within an hour. However, the report language does not make clear that the INS must work with the other federal inspection services (i.e., the Customs Service and others) so that all inspection processing is completed within the 45-minute maximum. We ask that you require INS, at the policy level as well as on the inspection line, to abide by the U.S. government's commitment to the world-wide standard.

One of the root causes of INS' inability to rapidly and effectively process arriving international air passengers is the shortage of staff. All INS air passenger processing is paid for out of the Immigration User Fee, and INS deserves commendation for its effective management of this program. There is a problem with application of user fee revenues to other functions such as detention and deportation, and this diversion of funds must be stopped. The detention and deportation functions do not benefit air travelers who pay the user fee, and to apply the funds to such programs can only undermine further confidence in our government. It is only because of universal frustration and skepticism regarding the regular budget's ability to fund needed programs that the public will accept specific user fees to pay for what it needs.

As I noted, the user fee has been a reliable source of funding for INS inspection staffing, and it will continue to be so if it is properly managed and readily available for use. International traffic is growing, demanding ever-greater staffing levels, and at the same time generating the funds to process the increased passenger traffic. INS has until recently been able to obtain apportionment of its user fee revenues with a minimum of delay and bureaucratic procedure, allowing effective and flexible managerial response to the needs of the air transport system. Recently, however, the Administration has sought to put the user fee into the normal two-year federal budget schedule and subjecting it to the deficit-reduction strait-jacket, requiring what was formerly a routine planning and operating process to be treated now as a policy question and a matter for formal budget reprogramming. This is wrong, and we hope you will agree that INS should be able to add staff in response to increases in the traffic which generates increased user fee revenues. Besides the bureaucratic inefficiency involved, putting the Immigration User Fee onto a longer budget cycle creates real hardship in airports. Delay in applying INS funds to meet staff requirements has exacerbated delays in airports such as Boston, Honolulu, Miami, New York, San Francisco and Seattle. At JFK, passengers arriving on the weekend of March 17-18 were subjected to delays of 1½ hours in clearing immigration. On Sunday, March 25, only about 60 percent of the INS inspection counters were staffed during the afternoon peak period, and processing times averaged nearly one hour.

Mr. Chairman, we understand INS is considering a request to the Congress to remove the user fee legislation's exemption for passengers from Canada, Mexico and the other contiguous countries. Under the present legislation, processing of passengers from those countries is subsidized by the user-fee payments of trans-oceanic travelers. We would support such rationalization of the user fee if it is proposed. We oppose extension of the exemption to new countries.

Another area where INS could make useful improvement is to make wider use of immigration preinspection, in which passengers are inspected abroad, after their check-in at the airport of departure. INS now conducts preinspection at Shannon, Ireland, at Aruba, and in Canada. Preinspection at one airport abroad can relieve passenger congestion and delay at many U.S. airports, by reducing time spent in INS processing upon arrival and by providing advance information to speed passenger processing by the other inspection services. INS has proposed to test the preinspection process at the London airports, and INS should be encouraged to carry out this test as soon as possible.

Finally, Mr. Chairman, we seek your help for INS to retain its trained and experienced inspectors, who are essential to INS' efforts to facilitate the processing of arriving international passengers. A journeyman inspector has reached the civil service pay grade of GS-9, and unless he or she obtains a supervisory position, there is no prospect for promotion. Therefore, many immigration inspectors transfer to the Border Patrol, to the Customs Service or other services where a journeyman inspector can hold the GS-11 grade. This situation is so bad that only about one-third of INS inspectors hold a journeyman's grade.

Mr. Chairman, the INS has successfuly overcome many of its problems in recent years because of its attention to its role in the travel process and transportation system, and because of an attitude of openness and responsiveness to the needs of the public and the economy. A new leadership has assumed responsibility for INS, and we hope you will join us in expressing the need to continue to build on past success.

Thank you.

WEDNESDAY, MARCH 28, 1990.

ECONOMIC DEVELOPMENT ADMINISTRATION

WITNESS

HON. GUS SAVAGE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ILLINOIS

Mr. SMITH. Next is Congressman Savage, chairman of the EDA authorizing subcommittee. Please go ahead.

Mr. SAVAGE. Mr. Chairman, thank you for taking me out of order. I have been a bit behind on my schedule for the last 8 or 9 or 10 days. I had this matter to take care of back home. I hope you understand that.

Mr. SMITH. I understand.

Mr. SAVAGE. Mr. Chairman and members of this committee, as chairman of the Subcommittee on Economic Development I urgently request that for Fiscal Year 1991 the programs administered by the Economic Development Administration be continued and funded at $276 million, in accordance with the authorization bill overwhelmingly adopted by the House in 1987, and H.R. 2015, a similar bill reported from the Public Works and Transportation Committee in December of last year.

Now I don't think it is too strong a way of saying it, that in my estimation it is disgraceful that the President's proposed budget provides no funding for EDA and instead would terminate the agency. It is disgraceful, in my estimation, because too many industrial, geographical, and population segments of our Nation, such as those targeted in the authorization bill adopted by the House, still suffer and lag far behind the rest of America today just as years ago when the legislation was first enacted.

Now certainly essential economic development projects with mainly or only local benefits should be developed and paid for by private investors or State and local governments to the extent possible, for such projects are most successful when they are initiated by local participants who have the vision and willingness to assume their maximum capacity for both financing and decision-making. Yet the fact remains that under the special distress recognized by EDA, without Federal financial help and technical assistance this distress may become permanently exacerbated.

Witnesses before the authorizing committee have vehemently stated this and provided sufficient facts to justify their fears if EDA is not fully funded, let alone terminated. For example, American coal mine and steel workers and African-American urban communities still suffer double-digit unemployment.

I know the Administration has claimed that—and I quote the Administration—has claimed that "The goals of these programs can be better met at the Federal level through the administration's national policies of fostering economic expansion and job creation; and, in the case of highly distressed areas, through incentives such as those in the Administration's enterprise zone proposal." However, the point is, if that is so, why then is it that the economic expansion of recent years and the Administration policies aimed at addressing only economic problems at the national level bypass so many of our Nation's distressed sectors?

Moreover, can the Administration's proposed enterprise zones adequately replace the meaningful economic incentives and development iniatives that EDA has provided to help distressed regions, industries, and population segments overcome persistent economic disparities? The experiences of State and local governments answer with a resounding no.

Now with the strong leadership of your Committee, Mr. Chairman, the Congress has for 9 years continued to appropriate funds to help EDA programs stay alive, because targeting Federal resources to disadvantaged areas is a cost-effective way to help cure some of the clearly identifiable ills and imbalances in the economies and fiscal capacities that exist throughout our country. I praise this committee for its awareness that the Nation as a whole is being well served by these Federal investments.

In this new decade our country is facing a host of new problems and challenges from changing national and global economies. If we as a people are to remain competitive, we must fully exploit the productive potential of all regions, population segments, and industries of our Nation.

To do this, we must maintain our strengths and keep working to overcome our weaknesses in both urban and rural areas. We must recognize that while the national unemployment rate has been down to 5.3 percent for several months now, and commendably so, many areas of the country are considerably higher. The rate for African Americans is about 11 percent—double digits—and for Hispanic Americans about 8 percent. Furthermore, the number of Americans who must hold down two jobs just to meet their regular expenses and consumer debt was at a 3-year high last year.

In addition, we must overcome the fact that we are now a debtor, not a creditor Nation, and that our rate of productivity growth is lagging compared to other industrialized nations, having dropped from an average rate of 3.3 percent for the years following World War II to an average of only 0.9 percent last year. Finally, we must not be lulled by the recent data showing that our trade deficit is the lowest since 1984, because it is still high, totaling over $100 billion for six straight years.

These all are ingredients in our ability to compete internationally. All are critical factors in whether our businesses can pay higher wages for greater output, which results in a higher standard of living.

Finally, H.R. 2015, the bill that the Public Works Committee reported out unanimously last December, is expected to be on the House floor soon. This year we anticipate action by the Senate, too, incidentally. Hopefully it will result in enactment of a law providing for a 3-year reauthorization and improved targeting of EDA.

To those who would kill these programs and who, unlike the members of this good committee and my own Public Works and Transportation Committee, do not think there is a great need for them, I would say: Look beyond the coastal areas and service and financial centers of our Nation. Visit the inner cities of Detroit, Chicago, and other cities. Check out parts of western Pennsylvania, the barrios of the Southwest, and the rural areas such as in Alabama, Mississippi, the Plains States and elsewhere, and you too will say, "Save EDA."

I hope you will see your way clear again to provide full funding for EDA, and I thank you for your time and consideration and appreciation of the recent problems I had to overcome.

Mr. SMITH. Well, we thank you, and we do look forward to your authorization. It will help us very much.

Mr. SAVAGE. It should be on the floor in a week or two.

Mr. SMITH. Yes. That's real good. Thank you very much.

Mr. SAVAGE. Thank you.

[The prepared statement of Mr. Savage follows:]

STATEMENT OF THE HONORABLE GUS SAVAGE, CHAIRMAN
SUBCOMMITTEE ON ECONOMIC DEVELOPMENT
COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION

BEFORE THE SUBCOMMITTEE ON COMMERCE, JUSTICE,
STATE AND JUDICIARY
COMMITTEE ON APPROPRIATIONS
MARCH 28, 1990

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Certainly, essential economic development projects with mainly or only local benefits should be developed and paid for by private investors or State and local governments to the extent possible, for such projects are most successful when they are initiated by local participants who have the vision and willingness to assume the maximum responsibility for both financing and decisionmaking. Yet, the fact remains that, under the special distress recognized by EDA, without Federal financial help and technical assistance this distress may become permanently exacerbated.

Witnesses before the authorizing Committee have vehemently stated this and provided sufficient facts to justify their fears, if EDA is not fully funded, let alone terminated. For example, American coal mine and steel workers and African American urban communities still suffer double-digit unemployment.

I know the Administration has claimed that, (and I quote) "The goals of these programs can be better met at the Federal level through the Administration's national policies of fostering economic expansion and job creation; and, in the case of highly distressed areas, through incentives such as those in the Administration's Enterprise Zone proposal." (End quote). However, if that is so, why is it that the economic expansion of recent years and Administration policies aimed at addressing only economic problems at the national level bypassed so many of our Nation's distressed sectors? Moreover, can the Administration's proposed Enterprise Zones adequately replace the meaningful economic incentives and development initiatives that EDA has provided to help distressed regions, industries and population segments overcome persistent economic disparities? The experiences of State and local governments answer with a resounding, NO!

Now, with the strong leadership of your Committee, the Congress has for nine years continued to appropriate funds to keep EDA programs alive because targeting Federal resources to disadvantaged areas is a cost-effective way to help cure some of the clearly identifiable ills and imbalances in the economies and fiscal capacities that exist throughout our country. I praise this Committee for its awareness that the Nation as a whole is being well served by these Federal investments.

In this new decade our country is facing a host of new problems and challenges from changing national and global economies. If we, as a people, are to remain competitive, we must fully exploit the productive potential of all regions, population segments and industries of our Nation.

To do this we must maintain our strengths and keep working to overcome our weaknesses in both urban and rural areas. We must recognize that while the national unemployment rate has been down to 5.3% for several months now, many areas of the country are considerably higher, and the rate for African Americans is about 11 percent and for Hispanic Americans about 8 percent. The number of Americans who must hold down two jobs to meet regular expenses and consumer debt was at a 3-year high last year.

Furthermore, we must overcome the fact that we are now a debtor not a creditor Nation, and that our rate of productivity growth is lagging compared to other industrialized nations, having dropped from an average rate of 3.3 percent for the years following World War II to an average of only 0.9 percent last year. Moreover, we must not be lulled by recent data showing that our trade deficit is the lowest since 1984, because it is still high, totalling over $100 billion for six straight years.

These are all ingredients in our ability to compete internationally. All are critical factors in whether our businesses can pay higher wages for greater output--which results in a higher standard of living.

Finally, H.R. 2015, the bill that the Public Works Committee reported out unanimously last December, is expected to be on the House floor soon. This year we anticipate action by the Senate, too. Hopefully, it will result in enactment of a law providing for a three-year re-authorization for EDA.

To those who would kill these programs and who, unlike the Members of this Committee and my own Public Works and Transportation Committee, do not think there is a great need for them, I would say: look beyond the coastal areas and service and financial centers. Visit the inner-cities of Detroit, Chicago and other cities; check out parts of western Pennsylvania, the barrios of the southwest, and rural areas such as in, Alabama, Mississippi, the plains states, and elswhere and you too will say, save EDA.

I hope you will see your way clear to provide full funding for EDA. I thank you for your time and consideration.

Mr. **Smith**. At this point we will include in the record additional statements regarding the Economic Development Administration.

[The information follows:]

TESTIMONY OF

THE HONORABLE WES WATKINS

THIRD CONGRESSIONAL DISTRICT, OKLAHOMA

BEFORE THE

APPROPRIATIONS SUBCOMMITTEE ON COMMERCE, JUSTICE, AND STATE,

THE JUDICIARY, AND RELATED AGENCIES

MARCH 29, 1990

Mr. Chairman, Members of the Committee, I count it indeed a pleasure and an honor to have the opportunity to appear before this Committee today to talk about two items which with your assistance can change the lives of many people in Oklahoma and the Third Congressional District.

I do not have to explain in any great detail to you the tough times we face today in the State of Oklahoma with problems in both the agriculture and energy industries. We continue to press toward economic recovery through maximized use of our existing resources and further diversification of our industrial base. To do either requires capital which most rural areas lack the financial wherewithal to make investments to broaden that economic base. That's why I am here today.

My efforts on which I will focus today include providing capital for manufacturing opportunities to an economically depressed area and an expansion of Oklahoma products into international markets.

First, I want to discuss with you the plight of the Johnston County, Oklahoma area. Johnston County, located in Southeast Oklahoma, has been plagued with unemployment because of the limited availability of industrial facilities to provide manufacturing opportunities leading to job creation. There are only three manufacturing companies in the entire county that are providing about 300 jobs. The county population is approximately 11,000.

Per capita personal income in Johnston County was $6,647 according to the 1986 Census as compared to a state average of $11,629. Poverty rates for Johnston County is 33.5 percent compared to a state average of 14.8 percent. As you can tell, Johnston County is in need of assistance to help build manufacturing jobs.

While over one-half of the county population, 54.3 percent or 5,600 people are within the workforce age, only 300 have jobs in manufacturing. According to the Department of Human Services, the provider of welfare services in Oklahoma, as of January, 1990, there are approximately 4,900 individuals served by the Department in the county. This would indicate approximately 45 percent of the population in Johnston County are served by the Department and are receiving welfare services.

The people want to work in Johnston County but have had limited opportunities to do so. For example, a labor survey conducted in August, 1989, in the County produced a list of over 500 persons interested in employment at $4.50 to $5.00 an hour. As you can see, our people are not tempermental when it comes to an opportunity for a job.

The unemployment rate stands at 6.6 percent well above the state average of 5.7 percent and the U.S. average of 5.5 percent. I might point out that this unemployment figure does not reflect the discouraged worker who has dropped off of the unemployment roll after 6 months. The unemployment rate is much higher than the percentage reflects.

We now have an opportunity to help change the situation in Johnston County by working with the Johnston County Industrial Authority, a public trust operating under the statutes of the State of Oklahoma. The Johnston County Industrial Authority working with my office and other regional industrial entities have identified an opportunity for attracting an industry through the construction of a speculative industrial building which is projected to be part of an industrial network/complex for the County provided that all of the factors necessary to achieve this goal fall into place. Tishomingo, the county seat, would be the focus of such targeted investment.

There are no existing buildings in all of Johnston County that will meet the needs of business and industry to locate or expand into the County to help shift the half of the County population on welfare from being tax receivers without jobs to tax producers with jobs. The proposal I ask for assistance on today is the only way that this county will be able to move forward and broaden the economic base. Beyond the county implications, regionally the unemployment rate is 7.6 percent.

Mr. Chairman, I am asking the Committee to assist with this effort in the amount of $900,000 from EDA to help finance the construction of a 60,000 square foot industrial building for lease to industry. In fact, one industry has all but committed to coming to Johnston County provided that a structure is available. About 200 jobs would be created -- effectively doubling the manufacturing workforce in the county, reducing unemployment and making tax receivers tax producers. This is the finest example that I can think of in terms of a public works project that will help the people. My constituents want work, not welfare. I trust that this Committee will help the people of this county realize their hopes and dreams for their children and grandchildren.

Secondly, I appreciate the Committee's prior assistance in establishing and continuing the development of the Center for International Trade Development (CITD) at Oklahoma State University. The Center serves as a one-stop shopping center for businesses interested in entering the international marketplace, especially those small flourishing businesses from rural areas that are looking for expansion and growth opportunities. The CITD mission continues a focus of providing the expertise necessary for Oklahoma products to enter the international mainstream that will in turn bring revitalization and growth to economically depressed areas. This is a program that is proving its success and from a national perspective can be replicated in other parts of the country. CITD is an integral component to the economic strategy to economic recovery in Oklahoma.

I would ask that the Committee continue funding the CITD at a level of $500,000, a concept that is being implemented and is helping build the economy and create jobs in a State under economic depression.

Mr. Chairman, I appreciate the time extended to me and look forward to working with you on both items discussed today.

Bill Richardson

STATEMENT BY THE HONORABLE BILL RICHARDSON

BEFORE THE SUBCOMMITTEE ON COMMERCE, JUSTICE, STATE AND JUDICIARY

DEAR CHAIRMAN SMITH:

I WOULD FIRST LIKE TO THANK THE SUBCOMMITTEE FOR AFFORDING ME THE OPPORTUNITY TO TESTIFY ON A MATTER OF GREAT IMPORTANCE TO THE THIRD CONGRESSIONAL DISTRICT OF NEW MEXICO. THE CITY OF ESPANOLA, NEW MEXICO IS SEEKING FUNDING FROM THE ECONOMIC DEVELOPMENT ADMINISTRATION FOR THE CHRISTOPHER COLUMBUS QUINCENTENARY PLAZA PROJECT. BY CREATING A CENTER FOR MARKETING THE NORTHERN NEW MEXICO'S RIO GRANDE VALLEY ARTS, CRAFTS, AND AGRICULTURE, THE PLAZA WOULD PROVIDE THE VEHICLE FOR SUSTAINED ECONOMIC DEVELOPMENT IN THIS DEPRESSED REGION OF NEW MEXICO.

THE PEOPLE OF ESPANOLA HAVE UNDERTAKEN THIS AMBITIOUS PROJECT FOR TWO REASONS. THE RIO GRANDE VALLEY, TO THIS DAY, MAINTAINS A CULTURE AND LIFESTYLE WHICH IS CLOSELY TIED TO THAT OF ITS SPANISH EXPLORER FOREFATHERS. DESPITE THIS UNIQUE CULTURAL ENVIRONMENT, THE REGION LACKS A CENTER WHICH SHOWCASES AND DOCUMENTS THIS HISTORY. SECONDLY, A LOCATION WHICH WOULD PROVIDE LOCAL ARTISANS, ARTISTS, AND FARMERS A CENTER IN WHICH TO MARKET THEIR GOODS AND PRODUCTS AND FURTHER ENGAGE IN COMMERCIAL ENTERPRISES IS INTEGRAL TO THE REGION'S ECONOMIC DEVELOPMENT.

THE CITY OF ESPANOLA HAS CONCURRED THAT A SPANISH-STYLE PLAZA WOULD BE IDEALLY SUITED FOR BOTH OF THESE PURPOSES. THE PROPOSED PLAZA INCLUDES A CHAPEL (PRIVATELY FUNDED), AMPHITHEATER, HISTORIC HALL AND GALLERY, CULTURAL CENTER, SHOPS, OPEN MARKET, AND CERTAIN MUNICIPAL BUILDINGS. THE CITY OF ESPANOLA HAS PURCHASED THE 13 ACRE PARCEL OF LAND, SITUATED IN THE CENTER OF THE CITY, WHERE THE PLAZA IS TO BE LOCATED.

THE STATE OF NEW MEXICO HAS COMMITTED TO FUNDING THE PROJECT AT AN ANNUAL LEVEL OF $500,000 THROUGH ITS COMPLETION. THE CITY OF ESPANOLA IS PRESENTLY SOLICITING PRIVATE AND CORPORATE FUNDING FOR THE PROJECT AS WELL. IT IS MY HOPE THAT THE SUBCOMMITTEE COULD APPROPRIATE ECONOMIC DEVELOPMENT ADMINISTRATION FUNDING AT THE LEVEL OF $1.5 MILLION FOR INFRASTRUCTURE AND PUBLIC FACILITIES FOR THE ESPANOLA PLAZA PROJECT. IN ADDITION TO FUNDING THE PROJECT, SUCH A FEDERAL COMMITMENT WOULD BE OF GREAT ASSISTANCE IN SOLICITING FURTHER CORPORATE, PRIVATE, AND GOVERNMENT FUNDING.

THE ECONOMIES OF THE RIO GRANDE VALLEY AND THE CITY OF ESPANOLA WOULD BENEFIT GREATLY FROM THE PLAZA PROJECT. I AM CERTAIN THIS PROJECT IS IDEALLY SUITED FOR EDA SUPPORT. I LOOK FORWARD TO WORKING WITH YOU AND THE MEMBERS OF THE SUBCOMMITTEE ON THIS IMPORTANT PROJECT.

Statement of:

TERENCE STONE

Executive Director

REGION NINE DEVELOPMENT COMMISSION

MANKATO, MINNESOTA

On Behalf of The

NATIONAL ASSOCIATION OF DEVELOPMENT ORGANIZATIONS

Before the

Subcommittee on Commerce, Justice, and State, The Judiciary
and Related Agencies of the Committee on Appropriations

in the

U.S. House of Representatives

On

Fiscal Year 1991 Appropriations

Submitted

April 12, 1989

Washington, D.C.

STATEMENT BY TERENCE STONE, EXECUTIVE DIRECTOR, REGION NINE DEVELOPMENT COMMISSION, MANKATO, MINNESOTA, ON BEHALF OF THE NATIONAL ASSOCIATION OF DEVELOPMENT ORGANIZATIONS (NADO), BEFORE THE SUBCOMMITTEE ON COMMERCE, JUSTICE, AND STATE, THE JUDICIARY AND RELATED AGENCIES, COMMITTEE ON APPROPRIATIONS, UNITED STATES HOUSE OF REPRESENTATIVES

The members of the National Association of Development Organizations (NADO) thank you, Mr. Chairman, and the ranking minority member, Mr. Rogers, for inviting NADO to provide a statement for the record. Our members are grateful for this Subcommittee's steadfast support for rural economic development programs. For comprehensive rural economic development, the Economic Development Administration (EDA) is the most effective federal program. NADO urges the subcommittee to fund the EDA at the levels authorized in the Development Investment Act (H.R. 2015), which passed the House of Representatives on April 4 by the overwhelming margin of 340 - 82.

NATIONAL ASSOCIATION OF DEVELOPMENT ORGANIZATIONS

The National Association of Development Organizations (NADO) was founded in 1967 to maintain and create jobs in small metropolitan and rural communities. NADO's members are substate, multi-county planning and development organizations. These public-purpose institutions are the development professionals who work with local governments and the private sector to promote business, community, and economic development; most of these organizations are the economic development districts established under EDA's original authorizing legislation, the Public Works and Economic Development Act of 1965. NADO is the national grassroots network dedicated to improving the economic opportunities and quality of life for all rural Americans.

Regional planning and development organizations, known variously as economic development districts, regional councils, councils of governments and the like, provide planning, technical assistance and services otherwise unavailable in most rural areas. Elected officials of rural governments serve on a part-time basis and have no staff for economic development. They depend on these development districts for professional assistance. Most multi-jurisdictional organizations are multi-functional. Many administer job training programs, elderly services, and other valuable programs according to the region's needs. Frequently covering areas of six to eight counties, regional development organizations assist both local governments and the private sector. For more than 20 years, these institutions have exemplified the public-private approach to economic and community development.

For small metropolitan and rural communities, the Economic Development Administration, Appalachian Regional Commission (ARC), Farmers Home Administration (FmHA), and Small Business Administration (SBA) are the federal programs of greatest value. Since both EDA and SBA appropriations are the responsibility of this committee, I will focus on these programs.

WHAT IS RURAL AMERICA?

All too often, rural (nonmetropolitan) America is equated with farming. Rolling waves of grain dominate the popular perception of rural life. Solutions to rural problems are assumed to revolve around crop subsidies. In reality, agricultural jobs comprise only ten percent of rural employment. Manufacturing makes up 17 percent of the rural employment base. Over 60 percent of farm families' incomes come from non-agricultural sources. Rural America is far more than farmland.

The non-farm rural economy has suffered through its share of troubles during the 1980s. International competition, lack of a well-trained workforce, poor infrastructure and limited government programs have contributed to rural America's downward spiral. Since 1979 the nonmetropolitan employment rate has grown at only 38 percent of the metropolitan rate. Although 25 percent of the nation lives in rural areas, these areas have only 20 percent of the nation's jobs. In 1987, rural unemployment reached 7.9 percent, a full two percentage points higher than the national average.

A struggling economy and a poor quality of life are often interrelated, and rural residents continue to suffer. While 20 percent of the urban population lives in poverty, 34 percent of all rural people are poverty stricken. Infant mortality is up to one third higher in rural areas than the national average. The disproportionately high rural elderly population suffers through inadequate medical care. Schools struggle to provide basic educational needs to the upcoming workforce.

Much of small metropolitan and rural America's infrastructure is inadequate. Public investment in the maintenance and construction of roads, bridges and other public works has declined drastically in the last decade. Federal grant and loan programs which are most important for rural community and economic development have been cut by 71 percent since 1980. As federalism has come to mean federal inaction, rural America has come to rely more and more on multi-county organizations for answers to its development needs.

THE NEED FOR FEDERAL INVESTMENT IN RURAL AMERICA

NADO believes in public investment as a way to encourage and retain private investment. Government programs must be a part of the solution to rural economic problems. Federal funding for all rural development has been cut by 71 percent since 1980. (Attached to this testimony is a chart comparing federal budget allocations for rural development programs in fiscal years 1980, 1990 and the 1991 Bush administration proposal.) Despite limited resources, economic development districts are continuing to serve local governments and the private sector.

Currently, EDA provides funds to 291 economic development districts in

47 states for strategic planning and technical assistance to local governments, business and non-profit institutions. Although the amount awarded to each district is very small (approximately $50,000), it provides the professional staff needed to help foster community development and economic diversification. With the loss of revenue sharing and reduction in other programs, small local governments depend more than ever on development district staff for planning and technical assistance. Despite the arbitrary and disruptive changes made in the planning grants in fiscal 1990, districts continue to provide essential services to rural areas.

Although the total amount of money invested in rural America by EDA in 1990 was modest, the $182 million program dollars were enormously important to the small communities. These funds provide development money otherwise unavailable. In 1988 for example, the $120.1 million federal investment in EDA public works projects leveraged 1.5 billion i. local and private sector funds. This investment has created an estimated 56,729 long term jobs at a cost of only $2,117 per long term job. The current EDA acting assistant secretary decided that a compilation of private leveraging and job creation is no longer necessary; therefore, we do not have numbers from 1989 EDA investment projects.

Because of the economic development districts, the Small Business Administration's 504 Certified Development Company program is also available in rural areas. Approximately half of the SBA Certified Development Companies were established on a regional basis by development districts which provide the necessary professional staff. By using the 504 program, many small businesses have been able to obtain guaranteed loans for fixed asset financing in combination with private funding. Without the development districts established by EDA, SBA certified development companies would not have the professional staff necessary to operate in small metropolitan and rural areas.

NADO RECOMMENDATIONS FOR ECONOMIC DEVELOPMENT PRIORITIES AND FINANCING

NADO's members have identified strategic planning, infrastructure improvement, and small business assistance as the most important factors in the creation of private sector jobs and viable communities.

Economic development districts are the catalysts for strategic planning in rural America. Development practitioners examine the local economy and analyze prospects for growth. Based on accessibility, natural resources, local workforce, and many other factors, these organizations establish an overall economic development plan (OEDP). Initiatives may include infrastructure construction and rehabilitation, local entrepreneurship, current business expansion, and plant location depending upon the relevant factors. Working with local communities, the development organization constructs the plan and sets it in motion. The EDA planning grant program for development districts was funded at $15 million in 1990. We are asking for district planning funding at the full authorization level established by H.R. 2015 -- $25 million in 1991.

On March 22, 1990, the House passed the Rural Economic Development Act (H.R. 3581), a bill which uses regional planning as the cornerstone for all rural development efforts. The bill calls for use of existing agencies -- particularly economic development districts -- to prepare these plans yet no additional planning funds are provided. EDA planning grants are the only federal source available to prepare these plans, and we urge the subcommittee to take this into account when determining funding priorities. in the 1991 appropriations.

Without an adequate infrastructure, no community can sustain economic development regardless of a well developed strategic plan. Only through modern roads, bridges, and telecommunication systems can rural communities overcome their isolation. EDA's title I Public Works program should be funded at $200 million (the level authorized in H.R. 2015) in 1991 to help bring rural America's infrastructure to an adequate level.

Small business financing is also a fundamental requirement for economic development. Rural business owners need government programs such as Revolving Loan Funds (RLFs) and loan guarantees to help create opportunities for growth. Revolving Loan Funds administered by economic development districts have proven to be the most responsive means for assuring capital availability in rural areas. RLFs are a flexible financing tool for local economic development. These funds are extremely useful for rural businesses, which face systemic barriers in obtaining financing. The EDA Title IX program provides a small but essential amount of money for capitalizing Revolving Loan Funds. Title IX also funds economic adjustment strategies in areas affected by sudden and severe economic dislocation. With the imminent closing of a number of military bases, Title IX's importance is even more evident. Therefore, we request that Title IX be funded at its full authorized level of $50 million for 1991.

We also request that the Subcommittee strengthen the language from last year's appropriation legislation which prohibits EDA from changing policy unless Congress has approved the changes. Public Law 101-162 contains the following: "Provided further, That the Secretary of Commerce or his designees shall not promulgate or enforce any rule, regulation, or grant agreement provision affecting programs authorized by the Public Works and Economic Development Act of 1965, as amended, unless such rule, regulation, or provision is either required by statute or expressed as the explicit intent of the Congress or is in substantial conformity with those rules, regulations and provisions in effect prior to December 22, 1987." During the last six months, EDA has unilaterally dictated how the agency should be run, ignoring congressional intent or denying opportunity for public review and comment. We recommend the following language be added to the above so that EDA cannot continue to arbitrarily alter programs without public notice or opportunity for review and comment: "Any policy or program changes must be published in the Federal Register with at least 60 days for pubic comment."

NADO urges the Commerce Department to assume a leading role in the future of rural America. As we enter a global economy, trade and technology are increasingly important for rural communities. Through the existing Commerce network, particularly the economic development districts, the Department has the means to deliver both information and technical assistance to the grassroots level. Through development districts, the Department can assist thousands of small businesses.

Mr. Chairman, we ask that you and the members of the Subcommittee urge the Bush administration to reinvigorate the Economic Development Administration. EDA funds are of vital importance to thousands of small metropolitan and rural communities across the country which are working with the private sector to maintain and created new jobs. EDA was created in response to patterns of economic distress which unfortunately persist in many rural regions. We appreciate the support of Congress in the past and thank the Chairman and members of the Subcommittee for this opportunity to submit our views for the record.

WEDNESDAY, MARCH 28, 1990.

GENERAL JUSTICE PROGRAMS

WITNESS

GARY L. BUSH, KENTUCKY STATE POLICE, ON BEHALF OF SEARCH GROUP, INC.

Mr. SMITH. Next is Gary Bush, here on behalf of the SEARCH group.

Mr. BUSH. Mr. Chairman, we have submitted formal written remarks yesterday. I would like to summarize those, if I may.

Mr. SMITH. All right.

Mr. BUSH. SEARCH is a nonprofit corporation supported by State dues and governed by an assembly of Governor appointees from each of the 50 States, the District of Columbia, Puerto Rico and the Virgin Islands. SEARCH's mission over two decades has been to assist State and local criminal justice agencies in the use of computers and information technology. I am here today to seek support in the amount of $700,000 for SEARCH's National Technical Assistance and Training Program in the Fiscal Year 1991 appropriation for the Bureau of Justice Assistance.

SEARCH's National TA and Training Program is unique. It is the only national program that provides no-cost assistance to State and local criminal justice agencies with respect to the operation and improvement of their computer systems. In recognition of the important contribution made by the National TA and Training Program, both BJA and the Congress have been extremely supportive. Mr. Chairman, you and the members of this subcommittee, for instance, added language to accompany the State, Justice, Commerce appropriation for Fiscal Year 1989 which provided $1 milion, and we thank you for that.

In Fiscal Year 1990, however, the Office of Justice Programs has imposed a $250,000 ceiling on BJA support for the National TA and Training Program. While we understand the financial pressure on OJP and the need that all of us in criminal justice feel to channel funds to targeted antidrug programs, we deeply believe that the continued underfunding in Fiscal Year 1991 of the only national program for information systems support will do significant damage to the information systems and targeted programs.

SEARCH's National TA and Training Program provides State and local criminal justice agencies, the Federal Government—which is the largest single user of criminal justice information—and the public with important benefits. Specifically, this program facilitates the development and implementation of state-of-the-art computer capabilities among State and local criminal justice agencies; promotes the replication and dissemination of successful computer strategies on a national basis; improves the accuracy, completeness, and reliability of arrest, conviction, and other criminal justice information; enhances coordination, compatibility, and communication among criminal justice agencies, thereby contributing to, indeed in a very real sense making possible the effective operation of the national criminal justice information system. And, lastly, this program increases the ability of criminal justice agencies, particularly small- and medium-sized criminal justice agencies which often lack financial resources and specialized computer personnel, to operate computer systems in a cost-effective and efficient manner.

Now, Congressman Rogers, as we have in Kentucky, we have followed up in this area.

With funding at the $700,000 level, SEARCH expects that in Fiscal Year 1991 the National TA and Training Program will: provide technical assistance by telephone to over 500 criminal justice agencies in every State of the Union; provide in-depth technical assistance at SEARCH's National Computer Laboratory and Training Center in Sacramento for representatives from 25 to 30 States and local criminal justice agencies; provide on-site, short-term assistance to approximately 40 State and local criminal justice agencies in about 20 States; provide long-term technical assistance stretching over several months to three State criminal justice agencies. In order to qualify to be one of those three, the State must lag in automation or have acute computer needs that would jeopardize that State's participation in the National Criminal Justice System.

Provide training to nearly 1,000 criminal justice officials from as many as 35 States; continue to implement the National Consortium of Criminal Justice Computer Laboratories and Training Centers, in order to make hands-on training available each year to literally thousands of criminal justice professionals; and continue to develop and publish practical reference guides for criminal justice officials with respect to the implementation, operation, and improvement of criminal justice information systems.

Federal support for SEARCH's National TA and Training Program does not promise a quick victory or big headlines in the war against drugs and crime, but let there be no doubt that Federal support for the National TA and Training Program makes an absolutely vital contribution to the war on drugs and crime. For a very modest Federal investment, leveraged many times over by State and local funds, the ability of criminal justice agencies to provide timely, accurate, and compatible information for use in apprehending, prosecuting, and sentencing offenders is much enhanced.

Accordingly, we respectfully request that the subcommittee act to ensure that Fiscal Year 1991 funding of SEARCH's National Technical Assistance and Training Program remain at the $700,000 level. We thank you, Mr. Chairman, for your consideration of this request and for your past support, and we look forward to working with you, the members of the Committee, and the subcommittee staff in this effort.

Thank you, sir.

[The statement of Mr. Bush follows:]

SEARCH GROUP Inc.

SUBCOMMITTEE ON COMMERCE, JUSTICE, STATE,
THE JUDICIARY AND RELATED AGENCIES OF THE
COMMITTEE ON APPROPRIATIONS
HOUSE OF REPRESENTATIVES

Congressman Neal Smith (D.IA.)
Chairman

Wednesday, March 28, 1990
2:50 p.m.

INTRODUCTION

Mr. Chairman and members of the Subcommittee, I am Gary L. Bush, Senior Policy Advisor for justice information systems for the Kentucky State Police. I appear here today in my role as Chairman of SEARCH Group, Inc. (SEARCH). Accompanying me is Gary R. Cooper, the Executive Director of SEARCH and Robert R. Belair, SEARCH's General Counsel.

SEARCH Group, Inc., the National Consortium for Justice Information and Statistics, is a nonprofit corporation supported by state dues and governed by an assembly of Governor appointees from each of the 50 states, the District of Columbia, Puerto Rico and the Virgin Islands. SEARCH's mission for over two decades has been to assist state and local criminal justice agencies in the use of information technology to combat crime.

I am here to seek a legislative earmark for $700,000 for SEARCH's National Technical Assistance and Training Program in the FY '91 appropriation for the Bureau of Justice Assistance, (BJA).

CONGRESSIONAL AND BJA SUPPORT

SEARCH's National Technical Assistance and Training Program is unique -- it is the only national program that provides no-cost assistance to state and local criminal justice agencies with respect to the operation and improvement of their computer systems. Further- more, because SEARCH's program is national, SEARCH is able to replicate successful computer applications in one state or locality and disseminate and transfer the successful application to other states and localities. In the same vein, because SEARCH's program is national, SEARCH is able to provide its assistance in a manner that promotes the interstate compatibility of criminal justice information systems. The beneficiaries are state and local criminal justice agencies throughout the nation; the federal government, which is the largest single consumer of arrest and conviction and other criminal justice information; and the public. Moreover, throughout its long history, SEARCH has emphasized that the collection, maintenance and dissemination of criminal justice information must be done in a way that is protective of privacy and civil liberties.

In recognition of the important and unique contributions made by the National Technical Assistance and Training Program, both BJA and the Congress have been extremely supportive. Members of the House and Senate Judiciary Committee, both Democratic and Republican, have consistently called for the improvement of state and local criminal justice computer systems. Most recently, SEARCH testified before Mr. Hughes' Subcommittee on Crime of the House Judiciary Committee at hearings held on January 25 of this year. At those hearings, Subcommittee members emphasized that the federal government should provide support for improving the accuracy and completeness of automated criminal history record systems. In the Omnibus Drug Initiative Act of 1988, the Congress amended BJA's charter to reemphasize that BJA's express mission is to, "provide additional personnel, equipment, training, technical assistance and information systems for more widespread apprehension, prosecution, adjudication and attention and rehabilitation of persons . . . including criminal and justice information systems to assist law enforcement, prosecution, courts and corrections organizations (including automated fingerprinting identification systems)." H.R. 5210, Omnibus Drug Initiative Act of 1988, Pub. L. 100-690, Section 6091.

In keeping with this emphasis, Mr. Chairman, you and the members of this Subcommittee added language to the Conference Report to accompany the State, Justice, Commerce Appropriation Act for FY' 89 which provided, "$1,000,000 for operational information systems support (SEARCH)." Conference Report to accompany H.R. 4782, Appropriations for the Departments of Commerce, Justice, and State, The Judiciary and Related Agencies for the fiscal year ending September 30, 1989, 100 Cong. 2d Sess., S. Rep. No. 100-979.

In FY '90, however, the Office of Justice Programs has imposed a $250,000 ceiling on BJA support for the National Technical Assistance and Training Program. While we understand the financial pressures on OJP and the need that all of us in criminal justice feel to channel funds to targeted anti-drug programs, we deeply believe that the underfunding of the only national program for information systems support will do significant damage to the criminal justice systems infrastructure and eviscerate the effectiveness of targeted programs. Accordingly, we respectfully request a legislative earmark in the amount of $700,000, the minimum necessary to operate the National Technical Assistance and Training Program on a comprehensive and effective basis.

BENEFITS OF NATIONAL TECHNICAL ASSISTANCE AND TRAINING PROGRAM

SEARCH's National Technical Assistance and Training Program:

- facilitates the development and implementation of state-of-the-art computer capabilities among state and local criminal justice agencies;
- promotes the replication and dissemination of successful computer strategies on a national basis;
- improves the accuracy, completeness, and reliability of arrest and conviction and other criminal justice information;
- enhances coordination, compatibility, and communication among criminal justice agencies, thereby contributing to the effectiveness of a national criminal justice information system; and
- increases the ability of criminal justice agencies, particularly small- and medium-sized criminal justice agencies which often lack financial resources and specialized computer personnel to operate computer systems in a cost efficient and effective manner.

SEARCH's National Technical Assistance and Training Program assists in the reliable and timely identification of suspects and offenders; assists in the effective prosecution and adjudication of offenders, including drug related offenders; assists in the efficient use of criminal justice resources; and assists in the production of comprehensive and compatible criminal justice statistics and research information.

Furthermore, the National Technical Assistance and Training Program provides essential infrastructure support to targeted block and discretionary grant anti-crime and anti-drug initiatives. Without information and technology support, these initiatives are handicapped.

TECHNICAL ASSISTANCE

SEARCH provides technical assistance via the telephone and the mail, and, when the needs of agencies exceed the expertise of local resources or when the need is particularly acute, SEARCH also provides on-site technical assistance -- from two weeks to several months.

In-House

SEARCH's program of in-house technical assistance provides access to a unique, centralized source of data about information systems and related technologies that would otherwise be beyond the reach of most criminal justice agencies and, particularly, small- and medium-sized agencies. By placing a simple phone call, state and local agencies have immediate access to the specialized knowledge of SEARCH's professional staff. SEARCH annually receives hundreds of these service requests, and in response, project staff conduct research, provide references and referrals, and disseminate a wide range of written materials, including reports, manuals, guides, and system documentation. Based on past experience, we anticipate that in FY '91 SEARCH will respond to approximately 500 telephone service requests each of which, on average, will require two hours of staff time.

SEARCH's Membership Group of Governors' appointees and SEARCH's Criminal Justice Information Network (a network of criminal justice professionals with special expertise in information systems) are also available for consultation. Collectively, these groups provide indepth expertise on issues spanning all components of the criminal justice system.

As an example of telephone support, SEARCH was recently asked by one state to develop a user requirements definition for a management system that would connect 23 prosecutor offices in the state. In response to a request from another state, staff reviewed a county prosecutor's existing information system and made recommendations concerning a proposal for a new system that integrated law enforcement, prosecution and trial court records.

In addition to telephone and mail support, in-house technical assistance includes support for justice practitioners who visit SEARCH's National Criminal Justice Computer Laboratory and Training Center at SEARCH headquarters in Sacramento, California. These officials usually seek staff review, testing, and recommendations with respect to a specific software package or system. Every year, approximately 25 practitioners from all parts of the country receive one-on-one technical assistance in the National Laboratory and Training Center. If funding permits, SEARCH expects in FY '91 to provide 25-30 criminal justice officials with customized in-house technical assistance in the National Computer Center and Training Laboratory in Sacramento.

On-site

The National Technical Assistance Program also provides on-site assistance to agencies that have special needs in automating their information system. Priority for technical assistance is given to block grant recipients, and among them, to grantees implementing operational, public domain systems. Since 1986, SEARCH has provided technical assistance to scores of agencies in 41 states (including the District of Columbia, and the territories of Guam and the Virgin Islands) representing all components of the criminal justice system.

The vast majority of our technical assistance is completed within a month, consists of two site visits of approximately 3-4 days each, and includes staff preparation and follow-up. In the past six months, short-term technical assistance was extended to state criminal justice agencies in Connecticut, Hawaii, Indiana, Maine, and Wisconsin. In addition, SEARCH has provided on-site technical assistance to local criminal justice agencies in Portland, Oregon and Seattle, Washington. With funding at the $700,000 level, SEARCH would expect to provide on-site technical assistance to about 40 criminal justice agencies in at least 20 states.

Beyond these efforts to provide short-term assistance, there exists a pressing need to provide more extensive, long-term technical assistance to states and/or agencies within states that are predominantly non-automated or that seriously lag in their efforts at automation. In response, SEARCH provides a limited number of agencies with technical support for up to several months, including multiple on-site visits, research and, oftentimes, complementary training sessions.

Depending upon the needs of the particular agency or state, the long-term assistance may include help in evaluating and planning the statewide integration of automated justice information systems or in enhancing, expanding or implementing a computerized criminal history (CCH) repository program. In our experience, this type of project often produces knowledge and products suitable for transfer to other jurisdictions. Indeed, the vast majority of SEARCH's technical assistance is multi-jurisdictional. When SEARCH provides technical assistance in one state, SEARCH often involves practitioners from surrounding jurisdictions.

In the last six months, SEARCH has conducted extensive, long-term technical assistance in Arkansas, West Virginia, and Wichita, Kansas. In Fiscal Year 1991, assuming adequate funding, SEARCH expects to conduct long-term efforts in three additional states to extend over the course of several months.

Software Development

Another component of the National Technical Assistance Program has been the development of public domain, automated information systems. SEARCH has created, supported, and documented software for prosecutors (D.A.'s ASSISTANT™); jail administrators (LOCKDOWN™); and state bureaus of identification (MICRONYM PLUS); and is currently developing a statewide information management system for law enforcement agencies in Pennsylvania (PA-LEMIS). These systems are core systems which can be broadly implemented in state and local agencies throughout the nation. Designed on commercial database management software, the systems function as foundations or platforms which local agencies can easily customize to address their unique information needs. Through these system development projects, BJA, in conjunction with SEARCH, plays an important role in setting standards and promoting national compatibility and uniformity.

NATIONAL TRAINING PROGRAM

Complementing the Technical Assistance Program is SEARCH's National Training Program which, since 1986, has trained nearly 1,800 criminal justice officials from 44 states in the use and application of computers and other information technologies. In FY '89 alone, SEARCH provided training to over 1,000 officials; 269 officials received training at the National Training Center in Sacramento; and 763 received training in classes conducted by SEARCH across the country.

The National Criminal Justice Computer Laboratory and Training Center serves as a hands-on resource for criminal justice practitioners to learn about and evaluate computer technology. The National Computer Laboratory and Training Center is presently configured with over 20 micro-computers using various operating systems and is equipped with state-of-the-art training technology. Classes are limited to about 25 students, thus affording a high instructor-to-student ratio. It is critical that this technology be maintained and updated on a regular basis. Federal support enables SEARCH to repair and upgrade the computer hardware as well as debug, update and modify software applications.

In addition, SEARCH conducts numerous regional, state, and local training sessions in order to make the most cost-effective use of grant funds and to reach the widest range of criminal justice practitioners requiring computer-related training. SEARCH also responds to requests from national, state and local criminal justice organizations and agencies to provide training to their members and staff.

Training sessions are customarily three to five days in length and include introductory courses such as Microcomputer Technology for Criminal Justice Agencies and Data Processing for Law Enforcement Managers, as well as advanced coursework in such topics as Crime Analysis and the Seizure and Examination of Microcomputers as Evidence in Criminal Cases.

If funding permits, SEARCH plans in FY '91 to conduct six training courses at the National Computer Laboratory and Training Center and another 10 sessions in as many states. Based upon past experience, we anticipate that these sessions will be attended by approximately 800 criminal justice officials from as many as 35 states. In addition, the National Computer Laboratory and Training Center is open to other justice agencies for training. We anticipate that the Bureau of Justice Statistics; the National Archive of Criminal Justice Data (NACJD) at the University of Michigan; the California Department of Justice; and the California State University at Sacramento will conduct training sessions at the National Training Center.

SEARCH, with BJA support, is also developing a National Consortium of Criminal Justice Computer Laboratories and Training Centers. The objective of the Consortium is to provide opportunities for convenient local, hands-on training to officials from criminal justice agencies throughout the nation.

Rather than develop entirely new training centers dedicated solely to training criminal justice personnel, the Consortium will seek to identify existing microcomputer-equipped facilities that can be used as regional training centers for state and local criminal justice officials. Police training academies, community colleges, and private and state universities are likely candidates. The Consortium will provide a vehicle for disseminating training curricula and information to be offered by all Consortium members; foster cooperation and coordination between the academic and operational justice communities; and encourage the development of additional training and technical assistance resources for criminal justice practitioners within local communities.

Work in this area has already begun: a task force has been established and the task force held its first meeting in November 1989. Funding at the $700,000 level will permit work on the establishment of the Consortium to go forward in FY '91.

TECHNICAL ASSISTANCE AND TRAINING MATERIALS

SEARCH's National Technical Assistance and Training Program also includes the preparation, publication and national dissemination of materials and reports that assist criminal justice agencies in acquiring and using computers and other information technology. Recent publications have included reports on topical issues such as: automated fingerprint identification systems (AFIS) and other biometric technologies; directories, which identify existing information systems for potential transfer; program briefs, which guide agencies in implementing automated information systems; and comprehensive documentation for SEARCH authored software. Funding permitting, SEARCH plans in the next fiscal year to continue to publish timely and practical reports and guides for criminal justice computer users.

SUMMARY OF FY '91 PROPOSED ACTIVITIES

With funding at the $700,000 level, SEARCH expects that in FY '91 the National Technical Assistance and Training Program will:

- provide technical assistance by telephone to over 500 criminal justice agencies in every state in the union;
- provide indepth technical assistance at SEARCH's National Computer Laboratory and Training Center for representatives from 25 to 30 state and local criminal justice agencies;
- provide on-site, short-term assistance to approximately 40 state and local criminal justice agencies in perhaps 20 states;
- provide long-term technical assistance to three state criminal justice agencies;
- provide training to approximately 800 criminal justice officials from as many as 35 states;
- continue to implement the National Consortium of Criminal Justice Computer Laboratories and Training Centers; and
- continue to develop and publish practical criminal justice information system reference guides.

CONCLUSION

Federal support for SEARCH's National Technical Assistance and Training Program does not promise a quick victory or big headlines in the war against crime and drugs. But, without question, federal support for the National Technical Assistance and Training Program makes a vital contribution to the war on drugs and crime. For a modest federal investment, leveraged many times over by state and local funds, a critical contribution is made to the ability of state and local criminal justice agencies to provide timely, accurate and compatible information for use in apprehending, prosecuting, and sentencing offenders.

Accordingly, we respectfully request that the Subcommittee act to ensure that Fiscal Year 1991 funding of SEARCH's National Technical Assistance and Training Program remain at the $700,000 level. We thank you, Mr. Chairman, for your continued support and we look forward to working with you, the members of the Subcommittee and the Subcommittee staff in this year's appropriations process.

Thank you.

Mr. SMITH. Thank you very much.

Mr. Rogers.

Mr. ROGERS. Yes, let me ask a question.

Now this group is funded really by State dues. Is that right, the SEARCH Group?

Mr. BUSH. Partially, sir. The consortium is funded by State dues. Each State that participates pays $4,000. We do get funding on a nonprofit basis from grants such as the Bureau of Justice Statistics.

Mr. ROGERS. You are seeking $700,000 for the training program?

Mr. BUSH. That is correct, sir.

Mr. ROGERS. From the Bureau of Justice Statistics?

Mr. BUSH. That is correct, sir.

Mr. ROGERS. Now was not SEARCH hired to prepare the report on the automated fingerprint identification system that the INS is developing in San Diego, the so-called AFIS system?

Mr. BUSH. I have with me Mr. Gary Cooper, who is the executive director of SEARCH. I would like him to speak to that.

Mr. COOPER. Yes, sir. We were under contract with the State of California, a subcontract they received from INS, and our participation in that effort had to do with using fingerprint technology to assess the movement across the border.

Mr. ROGERS. Whatever it does, we funded it, but you were hired just to prepare the report on that?

Mr. COOPER. Yes, sir. The report that we gave to INS, it has probably been 5 or 6 months since that report went to INS. Their schedule at this time I don't know.

Mr. ROGERS. Thank you.

Mr. Bush, you are with the Kentucky State Police?

Mr. BUSH. Yes, sir. I am the senior policy advisor for justice information systems.

Mr. ROGERS. And you are the current chairman or president of the SEARCH Group?

Mr. BUSH. Yes, sir, I am the current national chairman of the SEARCH Group.

Mr. ROGERS. Well, congratulations.

Mr. BUSH. Thank you, sir.

Mr. SMITH. Thank you.

WEDNESDAY, MARCH 28, 1990.

NOAA

WITNESSES

HON. DENNIS M. HERTEL, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MICHIGAN

HON. WALTER B. JONES, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NORTH CAROLINA, CHAIRMAN, MERCHANT MARINE AND FISHERIES COMMITTEE

Mr. SMITH. Congressman Hertel.

Mr. HERTEL. Thank you, Mr. Chairman. I am making my remarks on behalf of myself and Bob Davis of Michigan, who is the ranking member of the full Committee on Merchant Marine and Fisheries.

As chairman of the Subcommittee on Oceanography and Great Lakes and the ranking minority member of the full committee, we appreciate the opportunity to express our full support for the recommendations offered by Chairman Jones. In addition, we have several specific requests relating to the Great Lakes that we believe warrant your attention. All have been outlined in detail in a letter sent to Chairman Smith and Ranking Member Rogers this week, and we ask that it be made part of the record. We also have a detailed statement for the record, and will only speak on the highlights of our requests right now.

The first of these is $4.5 million for zebra mussel control resarch through the National Sea Grant College Program and the Great Lakes Environmental Research Laboratory.

Second, we request that the subcommittee provide $10 million to provide the first year of field work and production of new Great Lakes shoreline maps.

Our third request is for full funding for the Great Lakes Environmental Research Laboratory.

Lastly, we ask that the subcommittee ensure that Title II of the Marine Protection, Research, and Sanctuaries Act receives its complete authorization of $15.1 million, to allow NOAA to expand its computerized pollutant inventory to the Great Lakes coast.

Please be assured that all these proposals will be fully authorized in the 1991 NOAA Authorization bill, H.R. 4115, now before the Merchant Marine and Fisheries Committee. Funding for Great Lakes programs is a priority for our committee and for all the residents of the Great Lakes States. We hope you will give serious consideration to our request, and we would be pleased to provide you or your staff with additional information on these programs.

I am happy to have Chairman Jones join me in this statement at this time.

[The statement of Mr. Hertel follows:]

ONE HUNDRED FIRST CONGRESS

WALTER B. JONES, NORTH CAROLINA, CHAIRMAN

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U.S. House of Representatives
Committee on
Merchant Marine and Fisheries
Room 1334, Longworth House Office Building
Washington, DC 20515-6230

CHIEF COUNSEL
EDMUND B. WELCH

CHIEF CLERK
BARBARA L. CAVAS

MINORITY STAFF DIRECTOR
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MINORITY CHIEF COUNSEL
DUNCAN C. SMITH III

March 23, 1990

The Honorable Neal Smith
Chairman
Subcommittee on Commerce, Justice,
State and the Judiciary
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

The Chairman of the Merchant Marine and Fisheries Committee will soon be forwarding a letter in support of certain programs included in the budget proposal for the National Oceanic and Atmospheric Administration (NOAA). As Minority Vice Chairman of the Committee and Chairman of the Subcommittee on Oceanography and Great Lakes, we endorse the views of our colleague. However, we would like to take this opportunity to highlight a few of the NOAA programs which are of special interest to our constituents, and to the Great Lakes in general.

Exotic Species/Zebra Mussel Control

Recent unwelcome visitor to the Great Lakes has been the zebra mussel, a small but prolific mollusk which has wreaked havoc in Lake Erie and Lake St. Clair and is threatening our other Great Lakes. Zebra mussels and other exotic species have entered the Lakes via ballast water discharged by foreign vessels. They have no natural predators and are disrupting the Great Lakes ecosystem by consuming algae and plankton which form the base for the food chain. In addition, the mussels have taken residence in intake and outfall pipes, choking water supply plants, industries, and sewage treatment plants. Costs to the Great Lakes are estimated at $5 billion over the next ten years.

We now have no ways to eradicate or control zebra mussels and many of the other harmful exotic species in the Great Lakes, such as the river ruffe and the rusty crayfish. Because this problem is a growing one and immediate action is necessary to contain the problem before it spreads, we recommend that the Subcommittee provide $3 million for the National Sea Grant College Program for concentrated efforts in zebra mussel eradication research and $1.5 million to the Great Lakes Environmental Research Laboratory to augment this interstate effort.

Great Lakes Mapping

This year, NOAA, in conjunction with the U.S. Geological Survey, completed the Great Lakes mapping plan authorized under Public Law 100-220. This plan establishes priorities for completing new, multipurpose maps of the Great Lakes shoreline for use by Federal and state agencies, private landowners, and coastal communities to help plan for and prevent future shoreline damage and erosion.

When the Great Lakes reached record-high levels a few years ago, authorities found that they had insufficient knowledge to battle rising waters and to prevent serious erosion and flooding. As a result, over a billion dollars in damage to shoreline structures occurred. Many of the maps and near-shore charts for the Great Lakes are over 50 years old, and with the recent drastic changes in water levels, the information contained in them is even more out of date. Every Great Lakes state, the International Joint Commission, the Army Corps of Engineers, the Federal Emergency Management Agency, and the Environmental Protection Agency will benefit from this updated information, which in turn can help save millions of dollars in future damages.

Last year the Commerce, Justice, State and Judiciary Subcommittee authorized funding for the Great Lakes mapping plan in the NOAA Mapping, Charting, and Geodesy subactivity. The plan has been forwarded to this Committee with funding proposals. We ask that funding be provided to allow NOAA to begin the mapping process in critical, high erosion areas in FY '91, at $10 million, as identified in the plan.

Great Lakes Environmental Research Laboratory

The Administration has once again proposed a $1.6 million cut for the Great Lakes Environmental Research Laboratory (GLERL) at a time when the responsibilities of the United States under the Great Lakes Water Quality Agreement of 1978 are growing. GLERL is NOAA's only direct presence in the Great Lakes, and its monitoring and research programs are vital to combating pervasive pollution problems, understanding and coping with water level fluctuation, and improving storm prediction. Information obtained by GLERL is shared with other Federal agencies (*e.g.*, Army Corps of Engineers, EPA), as well as state and private groups. Without full funding, GLERL will be forced to lay off scientists, not replace failed equipment, and not begin new initiatives in important areas such as toxic deposition on the Great Lakes.

In addition, NOAA has recently created the Cooperative Institute for Limnology and Ecosystems Research at the University of Michigan. This Institute integrates researchers at various Great Lakes universities, the regional National Sea Grant College Programs, and GLERL to further three major missions: Climate and Global Change, Coastal and Nearshore Processes, and Large Lake Ecosystem Structure and Processes.

We ask that you restore full funding for GLERL (President's Request + $2.5 million) in the NOAA authorization for Ocean and Great Lakes Programs, plus $500,000 for the Cooperative Institute for Limnology and Ecosystem Research. This will allow GLERL to continue its research efforts without loss of personnel or equipment and fund an important Federal-state-private sector effort to better use scarce Federal funds in the Great Lakes.

Great Lakes Pollutant Inventory

As part of the authorization of Title II of the Marine Protection, Research, and Sanctuaries Act, the Committee increased the funding level for Title II with the understanding that if full funding was appropriated, $1.5 million would be made available to complete a Great Lakes Pollutant Inventory. This inventory would provide vital information to assist U.S. Authorities to clean up the 42 identified toxic "hot spots" in the Lakes. Federal officials in both Canada and the U.S. have explained that remedial plans for these areas cannot be developed any faster because they don't have the data at hand showing the types of pollutants entering the Lakes, the amounts of these pollutants, or the sources of these pollutants. NOAA has the capacity under Title II, and indeed has used it for the East, West, and Gulf of Mexico coasts, to compile this information into a computerized inventory and to make it available to government entities and other users. NOAA also published this material in Data Atlases, which are also available to the public.

Because of the critical need for this information in the Great Lakes, and the value that this NOAA service has provided for all other U.S. coastal areas, we ask that the full $15.1 million for Title II be provided, and that $1.5 million be earmarked for this worthwhile project.

In closing, we appreciate your attention to our views and hope that your Subcommittee will give them full consideration when developing the Appropriations bill for the Department of Commerce.

Sincerely,

Dennis M. Hertel

Dennis M. Hertel
Chairman
Subcommittee on Oceanography
and Great Lakes

Bob Davis

Robert W. Davis
Ranking Minority Member
Committee on Merchant Marine
and Fisheries

RWD:lpw

cc: The Honorable Bob Carr

Mr. SMITH. Okay. Go ahead Chairman Jones.

Mr. JONES. Mr. Chairman, members of the committee, I am submitting for the record a table outlining the detailed recommendations of the Committee on Merchant Marine and Fisheries regarding the ocean, coastal, and fisheries programs of NOAA for Fiscal Year 1991.

Although this year's administration request represents a welcome departure from years past, I feel that it does not provide enough support for numerous programs critical in maintaining the quality of our Nation's coastal and offshore regions.

Since my submitted testimony contains detailed recommendations, I would like to use this opportunity to highlight my personal priorities for funding both on the national level and within my congressional district.

COASTAL ZONE MANAGEMENT

I have recently introduced H.R. 4030 to reauthorize the Coastal Zone Management Act. H.R. 4030 places major new responsibilities on coastal States in the critical areas of coastal water quality protection, wetlands protection, and management of natural hazards, including sea level rise.

If the States are to shoulder these burdens, they will need additional resources, as reflected in our recommendations: over $42 million for section 306 grants; $10 million for a new initiative in coastal water quality protection; $5 million for program management; and almost $6 million for estuarine research reserves. This request represents an increase of about $27 million over the President's request.

SEA GRANT

I am pleased that the administration did not attempt to zero-fund this program in 1991. Unfortunately, their request does not go far enough to support the valuable research of Sea Grant. I urge you to fund this program at $51 million in 1991, an increase of $23.5 million over the administration's request.

NOAA FLEET

The NOAA fleet, because of the age of most of its vessels, is facing obsolescence. I strongly urge you to allocate $20 million to allow NOAA to develop and implement a fleet modernization and expansion program. These funds are consistent with authorizations in H.R. 897, which I sponsored and which passed this House on November 17, 1989.

BEAUFORT LABORATORY

The Beaufort, North Carolina Laboratory conducts important research in fisheries and coastal habitat protection. I thank you for your past support for the Beaufort Laboratory, and have submitted some draft language in my written statement which I hope you can include in your committee's report.

Finally, a few words about balance in the NOAA budget. The President's budget proposes increases of $69 million for climate and global change research and $11 million for coastal ocean science.

At the same time, it proposes real reductions in CZM and Sea Grant funding. This is not a balanced budget.

Coastal Zone Management and Sea Grant are the highest priorities of our committee members. While we support the President's new initiatives, we urge that the congressionally authorized programs be given preference.

MARITIME ADMINISTRATION

Mr. Chairman, I would now like to turn to a maritime matter for a moment. On March 5th you held a hearing on the budget of the Maritime Administration, and concern was expressed during the proceedings as to the necessity for funding the Ready Reserve Force at these levels requested in the President's budget.

Subsequently, our committee held hearings on H.R. 4205, authorizing appropriations for the Maritime Administration, and raised some of the same questions posed by your subcommittee. Based on the testimony received from the Military Sealift Commandant, the DOD Director for Transportation Policy, and the Maritime Administrator, my Subcommittee on Merchant Marine approved the full amount of $225 million requested for the Ready Reserve Force.

I have included in my written statement a portion of the question and response segment from the hearing that bears on the issue of the Ready Reserve Force funding. From that record, the Committee on Merchant Marine and Fisheries urges your support for the requested budget of the Maritime Administration.

Thank you very much for this opportunity to appear before your committee.

Mr. SMITH. Thank you both. We are always glad to work with your committee. Thank you for presenting your testimony today.

[The statement of Mr. Jones follows:]

ONE HUNDRED FIRST CONGRESS

WALTER B. JONES, NORTH CAROLINA, CHAIRMAN

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U.S. House of Representatives
Committee on
Merchant Marine and Fisheries
Room 1334, Longworth House Office Building
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MINORITY CHIEF COUNSEL
DUNCAN C. SMITH III

March 28, 1990

Honorable Neal Smith
Chairman
Subcommittee on Commerce,
Justice, State and Judiciary
Committee on Appropriations
H-309, The Capitol
Washington, D.C. 20515

Dear Mr. Chairman:

Attached is a table summarizing the recommendations of the Committee on Merchant Marine and Fisheries regarding the ocean, coastal, and fisheries programs of the National Oceanic and Atmospheric Administration (NOAA). These recommendations cover Fiscal Year (FY) 1991. These recommendations represent the consensus view of the Committee. As they are a product of compromise, they may not reflect precisely the views of all Members of the Committee.

The table allows comparison of the appropriations for FY 1990 (as given in the Conference Report accompanying H.R. 2991), the President's request for FY 1991, and the recommendations of the Merchant Marine and Fisheries Committee for FY 1991. Although the Merchant Marine and Fisheries Committee does not currently authorize programs within the National Weather Service (NWS) or the National Environmental Satellite, Data, and Information Service (NESDIS), these numbers have been included so that you may consider the ocean, coastal, and fisheries program requests in the context of the budget as a whole. Funding levels given for NWS and NESDIS are those suggested by the Committee on Science, Space, and Technology in their views and estimates report and I defer to that Committee in the case of any discrepancies regarding these agencies.

The Committee on Merchant Marine and Fisheries recommends a total appropriation of $1.548 billion for FY 1991 for the National Oceanic and Atmospheric Administration. This represents an increase of $181 million over the Administration's request. Although this year's Administration request represents a welcome departure from years past, I feel that it does not provide enough support for numerous programs which are critical in maintaining the quality and bounty of our nation's coastal and offshore regions. Toward this end, I would like to highlight my personal priorities for funding both on the national level and within my Congressional District.

Coastal Zone Management. I have recently introduced H.R. 4030 to reauthorize the Coastal Zone Management Act (CZMA). H.R. 4030 places major new responsibilities on coastal states in the critical areas of coastal water quality protection, wetlands protection and management of natural hazards, including sea level rise. If the states are to shoulder these burdens they will need additional resources, as reflected in our recommendations:

* $42.4 million	for section 306 grants;
* $10.0 million	for a new initiative in coastal water quality protection;
* $ 5.0 million	for program management; and
* $ 5.7 million	for estuarine research reserves.

This request represents an increase of $27.1 million over the President's request.

Sea Grant. This program taps expertise at our colleges and universities to solve basic problems in marine science. I am pleased that the Administration did not attempt to zero-fund this program in FY 1991. Unfortunately, the President's request does not go far enough to support this valuable research. I urge you to fund this program at $51 million in FY 1991, an increase of $23.5 million over the Administration request.

NOAA Fleet. The NOAA fleet, because of the age of most of its vessels, is facing obsolescence. I strongly urge you to allocate $20 million to allow NOAA to develop and implement a fleet modernization and expansion program. These funds are commensurate with authorizations in H.R. 897, which I introduced and which passed the House on November 17, 1989.

Beaufort Laboratory. I thank you for your past support for the Beaufort, North Carolina Laboratory. Fisheries research of great importance to the Southeast and to the entire country is carried out at this facility. Of particular importance are programs to identify and protect threatened fisheries habitats on our Nation's coasts. So that this research may continue at Beaufort, the Committee requests:

* $971,000	for Habitat Evaluation Methodolgy;
* $795,000	for Analysis of Estuarine and Nearshore Ecosystems at Beaufort;
* $456,000	for a pilot project in Habitat Conservation;
* $430,000	for the Beaufort Lab within the Habitat Research program;
* $200,000	for badly needed facilities and equipment maintenance at Beaufort;

Regarding these funds for the Beaufort Lab, I have attached some draft language that I hope you can include in your Committee's report.

Finally, a few words about balance in the NOAA budget. The President's budget proposes increases of $69 million for Climate and Global Change research and $11 million for Coastal Ocean Science. At the same time, it proposes real reductions in CZM and Sea Grant funding. This is not a "balanced budget". Coastal Zone Management and Sea Grant are the highest priorities of our Committee Members. While we support the President's initiatives, we urge that Congressionally authorized programs be given preference.

Mr. Chairman, I would like to take this opportunity to mention a maritime matter of interest to my Committee. On March 5th, you held a hearing on the budget of the Maritime Administration. Concern was expressed during the proceedings as to the necessity for funding the Ready Reserve Force at the levels requested in the President's Budget. Subsequently, our Committee held hearings on H.R. 4205, authorizing appropriations for the Maritime Administration, and raised some of the same questions posed by your Subcommittee. Based on the testimony received from the Military Sealift Commandant, Admiral Donovan; DOD Director for Transportation Policy, Mr. Robert Moore, as well as from Maritime Administrator Warren Leback, the Subcommittee on Merchant Marine ordered reported the bill with the full amount of $225 million requested for the Ready Reserve Force. Attached for your review is a portion of the question and response segment of our hearing as it bears on the issue of Ready Reserve Force (RRF) funding. The Committee on Merchant Marine and Fisheries urges your support for the requested budget of the Maritime Administration.

Thank you for considering my views on the NOAA budget in the past and for your attention to my current requests. Additionally, thank you for the opportunity to bring to your attention our views on necessary funding for the RRF.

With warmest regards, I am

Sincerely,

Walter B Jones

WALTER B. JONES
Chairman

Attachments

Draft Report Language Concerning Beaufort Lab

"The Committee recognizes that the Information Collection and Analysis subactivity of the NMFS budget is the foundation of NOAA's efforts to conserve and manage fisheries. The Analysis of Estuarine and Nearshore Ecosystems program within this subactivity is the cornerstone in this foundation. This program directly affects the conservation and management of the nation's largest single fishery - menhaden - and also provides valuable information on contaminants in coastal ecosystems. The Committee recommends funding this program at $1,017,000 of which $795,000 is expected to go to research done at the Beaufort, North Carolina Laboratory."

"Research on Fishery Ecology is critical for understanding factors controlling fishery productivity. The development of a methodology for fish habitat evaluation is a vital component of this effort. The Committee supports this work at the Beaufort, North Carolina NMFS facility and recommends that the appropriation for Fishery Ecology be increased by $500,000 so that a total of $971,000 can go towards Habitat Evaluation research at Beaufort."

"The Committee notes that the rehabilitation of the Beaufort Lab requires additional funds for continuing facilities improvements. More importantly, funds are needed for repair and maintenance of equipment. The Committee recommends that $200,000 be allocated towards these ends under Facilities within the Program Support activity."

Ready Reserve Force:
Committee on Merchant Marine and Fisheries
Hearing on H.R. 4205

Question-and-Response.

"MR. JONES. It has been suggested the projections for sealift and, more particularly, RRF expansion should be altered because of changes in Eastern Europe. Can you, Mr. Moore, tell us how sealift requirements are developed, the extent to which sealift and the RRF are dependent on a NATO contingency and, finally, whether the Department of Defense continues to support the planned expansion of the RRF?

MR. MOORE. First of all, events in Europe have not changed requirements for the RRF. This budget request for the RRF, as well as those in the past, have been based on what we refer to as U.S. unilateral contingency requirements and do not directly involve NATO allies.

It is essential that we maintain those capabilities to respond to regional threats to our national security sizably and with sufficient force to produce a favorable outcome. The National Security Sealift Policy, approved by the President, calls for the United States to respond unilaterally to secure the defense of the geographical areas not covered by alliance commitments and, therefore, where alliance shipping would not be available.

Other than the eight fast Sealift ships maintained by the Military Sealift Command in reduced operational status, the RRF is the only readily available source of significant numbers of ships capable of carrying military men and equipment. Recognizing the limited number of breakbulk ships in the commercial fleet, the ships in the RRF were specifically selected to perform the unit deployment mission. The RRF ships, the fast Sealift ships, the limited number of breakbulk ships that would be available for the U.S. flag commercial fleet, as well as some commercial container ships (utilizing) flatracks and seasheds, would be required to meet the unit deployment requirements of a major regional scenario.

MR. JONES. The President's FY budget calls for $49,400,000 for fleet additions --- five vessels. Does DOD look to these vessels for current requirements?

ADM. DONOVAN. Yes, sir. A shortfall currently exists. These ships are required to meet global commitments in the CINC's operation plans. These ships are needed for the shortfall in order to be able to handle the surge requirements that we have. (shortfall referred to occurs as a result of FY 1990 funding cutback to $0.00 in the acquisition account).

MR. JONES. Thank you. How important is the retention of the

$171,600,000 identified in the budget for RRF maintenance and operations.

CAPT. LEBACK. It is very essential....

The $171 million covers the deferrals of maintenance that were done in fiscal 1990, plus the fact that fiscal 1991 will see an increase in the requirements for regulatory surveys, drydockings, and underwater maintenance. In fiscal 1990, we spent approximately $.8 million ($800,000) on each ship and deferred a considerable amount of maintenance. In 1991, we are projecting approximately $1.4 million for each ship, the greater part being required (mandated) drydockings and regulatory surveys."

MERCHANT MARINE AND FISHERIES
NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION
($ IN THOUSANDS)

March 27, 1990

Line Office/Line Item	FY 90 Approps.	FY 1991 Admin. Request	FY 1991 MMF Recom.	MMF Change
National Ocean Service:				
Mapping, Charting and Geodesy	48,494	46,934	58,034	11,100
Vertical Control Network	3,044	3,044	3,044	0
S.C. Geodetic Survey	577	0	0	0
S.C. Marker Replacement	N/A	N/A	1,000	1,000
ANCS II	1,660	1,660	1,660	0
Multi-Purpose Cadastre	1,836	0	0	0
Great Lakes Mapping project	100	0	10,000	10,000
Observation and Assessment	40,159	51,418	57,072	5,654
Circulatory Program	777	373	777	404
Ocean Services	4,586	3,736	4,586	850
Ocean Assessments	13,759	13,759	13,759	0
Wetlands Management Demo Project	900	0	900	900
California Data Buoys	151	0	0	0
Coastal Ocean Program	6,400	17,400	17,400	0
Damage Assessments	2,500	2,500	4,000	1,500
Long Island Sound Project	1,000	0	1,000	1,000
Tampa Bay Mapping Project	1,000	0	1,000	1,000
Ocean and Coastal Management	47,031	41,194	70,506	29,312
Grants 306	34,000	29,838	42,427	12,589
Grants 309	400	0	0	0
CZM Coastal Waters Protection	N/A	N/A	10,000	10,000
CZM Program Management	3,279	2,763	5,000	2,237
Estuarine Res. System Program	3,490	3,490	5,748	2,258
Marine Sanctuary Management	3,122	3,322	5,550	2,228
Purchase of Buxton Woods	1,500	0	0	0
Subtotal NOS...........	135,684	139,546	185,612	46,066

MERCHANT MARINE AND FISHERIES
NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION
($ IN THOUSANDS)

March 27, 1990

Line Office/Line Item	FY 90 Approps.	FY 1991 Admin. Request	FY 1991 MMF Recom.	MMF Change
National Marine Fisheries Service:				
Information Collection & Analysis	107,654	98,288	121,893	23,605
Resource Information	74,995	63,413	83,668	20,255
Improve Survey Methods	2,000	2,000	2,000	0
SEAMAP	942	942	1,442	500
MARFIN	3,000	3,000	3,000	0
Antarctic Living Marine Resources	1,300	0	1,500	1,500
New England Stock Assessment	650	650	1,000	350
West Coast Groundfish	847	847	947	100
Oyster Disease Research	500	0	500	500
Protected Species	2,913	2,264	3,413	1,149
Marine Mammal Research	4,765	4,179	5,000	821
Mar. Mam. Population Assessment	N/A	3,000	6,000	3,000
Gear Entanglement	706	706	706	0
Right Whale Research	235	0	250	250
Fishery Ecology	12,389	12,389	12,889	500
Habitat Research	N/A	5,133	5,133	0
Habitat Eval. Methodology	471	471	971	500
Chesapeake Bay Studies	1,600	0	1,600	1,600
Pacific Salmon Treaty	4,708	4,708	5,208	500
Alaska Salmon Enhancement	3,766	0	3,000	3,000
Yukon River Chinook Study	235	0	235	235
Atlantic Salmon Research	500	0	500	500
Alaska Bycatch/Conservation Eng.	N/A	750	2000	1,250
Bering Sea Pollock	0	750	1,250	500
Bering Sea Crab	N/A	N/A	250	250
Alaska Groundfish Survey	N/A	700	700	0
PACFIN	1,000	2,000	2,000	0
Sub-Arctic Fisheries	753	0	0	0
Hawaii FMP Development	400	0	0	0
Stock Enhancement/Disease Research	4,344	0	0	0
Restore Consolidation Decrease	N/A	N/A	4,000	4,000

MERCHANT MARINE AND FISHERIES
NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION
($ IN THOUSANDS)

March 27, 1990

Line Office/Line Item	FY 90 Approps.	FY 1991 Admin. Request	FY 1991 MMF Recom.	MMF Change
National Marine Fisheries Service (Cont'd.):				
Fisheries Industry Information	N/A	13,898	16,898	3,000
Economic & Comm. Fishery Statistics	N/A	9,712	9,712	0
Alaska Groundfish Monitoring	N/A	2,000	2,000	0
Rec. and Fed./State Fisheries Stat.'s	N/A	N/A	3,000	3,000
Information Analysis & Dissemination	18,912	20,977	21,077	100
Analysis of Estuarine and Nearshore Ecosystems (Beaufort $795)	N/A	917	1,017	100
ADP Systems Upgrade	N/A	1,700	1,700	0
Conservation and Management Operations	60,410	48,976	54,084	5,108
Fisheries Management Programs	N/A	19,340	22,107	2,767
Regional Councils	7,233	7,233	9,000	1,767
Columbia River Hatcheries	9,300	0	0	0
U.S.-Canada Task Force - Georges Bank	471	0	1,000	1,000
Habitat Conservation	5,412	5,544	6,000	456
Protected Species Management	N/A	14,712	15,977	1,265
Endangered Species Recovery Plans	235	235	500	265
Driftnet Act Implementation	3000	3300	4300	1,000
Oregon Harbor Seals & Sea Lions	36	0	0	0
St. Paul Trust Fund	1,600	0	0	0
MMPA Implementation	7,500	7,500	7,500	0
Enforcement & Surveillance	1,500	9,380	10,000	620
State and Industry Assistance Programs	18,623	5,894	19,491	13,597
Grants to States	N/A	0	7,155	7,155
Interjurisdictional Fisheries Grants	3,500	0	3,500	3,500
Resource Disaster Assistance Grants	N/A	N/A	500	500
Anadromous Grants	2,354	0	2,354	2,354
Striped Bass Research	471	0	471	471
Interstate Fisheries Commission	330	0	330	330

MERCHANT MARINE AND FISHERIES
NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION
($ IN THOUSANDS)

March 27, 1990

Line Office/Line Item	FY 90 Approps.	FY 1991 Admin. Request	FY 1991 MMF Recom.	MMF Change
National Marine Fisheries Service (Cont'd.):				
Fisheries Development Programs	N/A	5,894	12,336	6,442
Fisheries Trade Activities	1,388	1,388	1,388	0
P.Q. & S. Research	8,620	4,506	8,906	4,400
Fish Oil Research	942	0	942	942
Shellfish Water Standards Research	500	0	1000	1,000
Model Seafood Inspection Program	330	0	100	100
Nat. Seafood Inspection Prog.	N/A	N/A	30,000 /1.	30,000
Mahi Mahi Strategy	188	0	0	0
Subtotal NMFS...........	186,687	153,158	195,218	42,060

/1. Transfer from S-K Fund - not included in subactivity total

MERCHANT MARINE AND FISHERIES
NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION
($ IN THOUSANDS)

March 27, 1990

Line Office/Line Item	FY 90 Approps.	FY 1991 Admin. Request	FY 1991 MMF Recom.	MMF Change
Oceanic and Atmospheric Research:				
Climate & Air Quality Research	53,389	118,672	118,672	0
TOGA	4,966	4,966	4,966	0
National Climate Program /2.	3,142	0	0	0
Climate & Global Change	18,000	86,914	86,914	0
Atmospheric Programs	44,633	41,799	41,799	0
State Weather Mod.	2,213	0	0	0
PROFS	3,766	1,865	1,865	0
Mesoscale	5,600	5,600	5,600	0
Solar-Terrestrial Research	N/A	6,205	6,205	0
Ocean and Great Lakes Programs	74,819	39,030	81,382	42,352
Sea Grant	41,000	27,498	51,000	23,502
National Coastal Research R&D	1,177	0	0	0
NURP	14,285	0	14,285	14,285
Semi-Tropical Key Largo Research Facility	377	0	0	0
Great Lakes Env. Res. Lab (GLERL)	4,772	3,149	4,772	1,623
VENTS (Seafloor Processes)	2,000	0	2,000	2,000
FOCI (S.E /U. Miami)	942	0	942	942
Aquaculture (Asian) Science Exchange	282	0	0	0
Subtotal OAR...........	172,841	199,501	241,853	42,352

/2. Includes Regional Climate Centers and the IGPCC

Line Office/Line Item	FY 90 Approps.	FY 1991 Admin. Request	FY 1991 MMF Recom.	MMF Change
National Weather Service:				
Operations and Research	287,839	292,556	292,556	0
Staff at 8 WSFO's	787	9,127	9,127	0
So. Region HQ (Fort Worth,Tx)	12,850	11,204	11,204	0
Pacific & AK Region HQ	4,200	4,630	4,630	0
Data Buoy Test Center	14,665	13,485	13,485	0

MERCHANT MARINE AND FISHERIES
NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION
($ IN THOUSANDS)

March 27, 1990

Line Office/Line Item	FY 90 Approps.	FY 1991 Admin. Request	FY 1991 MMF Recom.	MMF Change
National Weather Service (Cont'd.):				
Operations and Research	N/A	292,556	292,556	0
Agricultural Weather/Fire Weather	2,917	1,300	1,300	0
Susquehanna River	700	0	0	0
Met./Hydro. Res. (NWS R&D)	2,394	2,394	2,394	0
MARDI	0	11,000	11,000	0
Colorado River Basin flood warning	300	0	0	0
Hawaii Data Buoys	N/A	0	0	0
Contract Observations	N/A	0	0	0
Equipment Maintenance	N/A	7,946	7,946	0
Systems Acquisition	101,425	177,467	177,467	0
NEXRAD	71,400	114,343	114,343	0
AWIPS	13,500	34,803	34,803	0
ASOS	8,725	14,058	14,058	0
Upgrade NOAA Computer Facility	7,800	7,263	7,263	0
NOAAPORT	N/A	7,000	7,000	0
Subtotal NWS...........	389,264	470,023	470,023	0
National Environmental Satellite, Data and Information Service:				
Satellite Observing Systems	245,220	258,256	258,256	0
Polar System	15,184	64,584	64,584	0
LANDSAT Commercialization	34,900	36,334	36,334	0
LANDSAT 4 & 5 Operations	9,500	0	0	0
NOAA-Port	0	7,000	7,000	0
Geostationary (GOES) System	172,132	109,146	109,146	0
Marine Electronics Agenda	675	0	0	0
Environ. Data Management System	20,715	22,174	22,174	0
Subtotal NESDIS...........	265,935	280,430	280,430	0

MERCHANT MARINE AND FISHERIES
NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION
($ IN THOUSANDS)

March 27, 1990

Line Office/Line Item	FY 90 Approps.	FY 1991 Admin. Request	FY 1991 MMF Recom.	MMF Change
Program Support:				
Administration & Services	60,794	67,475	67,675	200
Executive Direction and Admin.	N/A	N/A	200	200
Facilities	1,221	6,677	8,877	2,200
Wood's Hole Dock	2,000	0	2,000	2,000
Beaufort, NC Lab Rehab.	200	0	200	200
Consolidation	N/A	2,723	2,723	0
Marine Services	59,910	65,848	86,130	20,282
Variable Ship Costs /N3 (Includes 3,485 days at sea in FY91)	6,307	7,494	7,494	0
S.E. Marine Support Facility	282	0	282	282
Science/Survey Platforms Maint.	N/A	4,000	4,000	0
Reactivate Davidson	N/A	2,010	2,010	0
Fleet Modernization	N/A	N/A	20,000	20,000
Aircraft Services	7,571	9,306	9,306	0
Operations and Maintenance	N/A	8,181	8,181	0
Navigational Subsystem Replacement	N/A	1,125	1,125	0
Subtotal PROSUP..........	129,696	149,306	171,988	22,682

/3. Two ships to be retired in FY91

MERCHANT MARINE AND FISHERIES
NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION
($ IN THOUSANDS)

March 27, 1990

Line Office/Line Item	FY 90 Approps.	FY 1991 Admin. Request	FY 1991 MMF Recom.	MMF Change
Subtotal ORF Requirement................	1,280,107	1,391,964	1,545,374	153,410
Reduced Adjustments to Base	0	0	0	0
Deobligations	-6,000	-6,000	-6,000	0
Total Budget Authority.....................	1,274,107	1,385,964	1,539,374	153,410
Transfer from CEIF	-4,500	-8,000	-8,000	0
Transfer from S-K Fund	-55,000	-61,900	-31,900	30,000
Total ORF Appropriation	1,214,607	1,316,064	1,499,474	183,410
Aviation Weather		34,521	34,521	0
Gear Damage Fund		1,202	1,202	0
Fish Contingency Fund		1,000	1,000	0
Observer Fund		1,997	1,997	0
Fish Promotions Fund		0	0	0
S-K Grants		0	10,000	10,000
Total NOAA Appropriation..................		1,354,784	1,548,194	193,410

WEDNESDAY, MARCH 28, 1990.

COURT APPOINTED SPECIAL ADVOCATE (CASA) PROGRAM AND NATIONAL INSTITUTE OF CORRECTIONS

WITNESSES

HON. ROMANO L. MAZZOLI, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF KENTUCKY

JUDGE TOM McDONALD, LOUISVILLE, KENTUCKY, ON BEHALF OF THE COURT-APPOINTED SPECIAL ADVOCATE (CASA) PROGRAM

PRICE FOSTER, (LOUISVILLE, KENTUCKY), DEAN, COLLEGE OF URBAN AND PUBLIC AFFAIRS, UNIVERSITY OF LOUISVILLE ON BEHALF OF THE NATIONAL ACADEMY OF CORRECTIONS

Mr. SMITH. Mr. Mazzoli.

Mr. MAZZOLI. Mr. Chairman, thank you very much. I would like, with your permission, to put my statement in the record.

Mr. SMITH. All right.

Mr. MAZZOLI. I have just a very few brief points, and I have with me two gentlemen who will briefly testify.

Mr. SMITH. All right.

Mr. MAZZOLI. First, I thank you for the work you have done for CASA over the years. The state director of the advocate program, Ms. Teresa Henley, is in the room, and she joins me in thanking you for this help. Judge McDonald, who is with me, is the District Judge from Jefferson County and is the national president of CASA which, as you know, is this one-on-one advocate program for kids in the judicial system.

For the first time in history in the 1990 bill, through your help and that of my friend from Kentucky, who was invaluable in this, you were able to earmark $650,000 for CASA. We had just about finished popping the champagne bottles when we realized that that money was going to be hung up for a while. Eventually it started to flow this year.

However, $150,000 of it, of the $650,000, was going to be held back by the OJP to redirect CASA into a new area, dealing with drug-dependent youngsters that they had not dealt with before. I wrote the Attorney General. Your staff—and I thank them—looked into the matter. I now understand, Mr. Chairman, that that $150,000 will be released strings-free so that CASA can continue to do the work that it has done.

I would say parenthetically that there was a foundation that came to its rescue and allowed it to be sustained until this was cleared up.

My requests on CASA are full funding to the extent that you can and, secondly, any language that might obviate this tendency on the part of OJP to redirect this very successful program.

Dr. Price Foster, who is with me, is the Dean of the University of Louisville's College of Urban and Public Affairs, and his testimony has to do with the National Institute of Corrections. As you know, in your bill, in the Fiscal Year 1990 bill, in the language it says that the move from Boulder, Colorado to the University of Louisville's Shelby campus would be undertaken. That has not yet been done. Obviously, if there is any way that the committee could help us in this respect, this process of selection took 4 years and the university received the nod at the end of that 4 years.

I would read just these last two sentences, Mr. Chairman. One is that Congress included language in the 1988 Omnibus Drug Act authorizing construction and operation of a component of the academy to train correctional officers in drug rehab. Last year, with the distinguished help of your committee, language was also included in the Fiscal Year 1990 Commerce, State, Justice Conference Report recognizing the work of the site selection committee and encouraging the Justice Department to proceed with plans for the move to Louisville.

[The statement of Mr. Mazzoli and additional materials follow:]

Third District, Kentucky

NEWS RELEASE

Congressman Ron Mazzoli

STATEMENT
CONGRESSMAN RON MAZZOLI
BEFORE THE
COMMERCE, JUSTICE, STATE AND JUDICIARY SUBCOMMITTEE
HOUSE COMMITTEE ON APPROPRIATIONS
MARCH 28, 1990

MR. CHAIRMAN AND DISTINGUISHED MEMBERS OF THE SUBCOMMITTEE:

THANK YOU FOR ALLOWING ME THE OPPORTUNITY TO TESTIFY BEFORE YOU AGAIN ON TWO PROGRAMS THAT ARE VERY IMPORTANT TO MY HOMETOWN OF LOUISVILLE AND JEFFERSON COUNTY, KENTUCKY, AND TO THE NATION. I HAVE THE HONOR AND PLEASURE OF INTRODUCING TO YOU TWO WELL-RESPECTED PROFESSIONALS FROM LOUISVILLE WHO WILL DESCRIBE EACH OF THESE PROGRAMS IN MORE DETAIL.

THE FIRST WITNESS IS JUDGE TOM MCDONALD, A JEFFERSON COUNTY, KENTUCKY, DISTRICT COURT JUDGE WHO IS CURRENTLY SERVING AS THE PRESIDENT OF THE NATIONAL CASA -- COURT-APPOINTED SPECIAL ADVOCATE -- ASSOCIATION.

AS YOU MAY RECALL FROM OUR TESTIMONY BEFORE YOUR SUBCOMMITTEE THE PAST TWO YEARS, MR. CHAIRMAN, CASA VOLUNTEERS ARE APPOINTED BY THE COURT TO ACT AS ONE-ON-ONE ADVOCATES FOR JUVENILES WHO ARE IN THE COURT SYSTEM. THESE ARE YOUNGSTERS WHO MIGHT OTHERWISE "FALL BETWEEN THE CRACKS" DUE TO THE OVERBURDENED LEGAL SYSTEM. CASA VOLUNTEERS ARE ABLE TO HELP THE JUVENILE COURT JUDGES EVALUATE THE CHILD'S SITUATION ACCURATELY AND ESTABLISH AN APPROPRIATE HANDLING OF THE CASE.

THANKS TO THE GOOD HELP OF THIS SUBCOMMITTEE LAST YEAR CONGRESS FOR THE FIRST TIME INCLUDED LANGUAGE IN THE COMMERCE-JUSTICE-STATE CONFERENCE REPORT EARMARKING $650,000 IN FUNDING UNDER THE OFFICE OF JUVENILE JUSTICE AND DELINQUENCY PREVENTION FOR CASA.

I AM DISMAYED THAT IT TOOK FROM NOVEMBER TO MARCH TO ACTUALLY GET THE FUNDS FLOWING, MR. CHAIRMAN. WERE IT NOT FOR THE GOOD WILL OF A PRIVATE FOUNDATION, I UNDERSTAND THE ASSOCIATION WOULD HAVE HAD TO BEGIN CLOSING DOWN THEIR OFFICE AND CUTTING BACK ON LOCAL PROGRAMS.

2246 Rayburn Building, Washington, D.C. 20515 (202) 225-5401 • Room 551, 600 Martin Luther King, Jr. Place, Louisville, Kentucky (502) 582-5129

THEN MR. TERRY DONAHUE, THE FORMER ACTING ADMINISTRATOR OF THE OFFICE OF JUVENILE JUSTICE AND DELINQUENCY PREVENTION, NOTIFIED THE CASA ASSOCIATION IN FEBRUARY THAT HE WANTED TO WITHHOLD $150,000 OF CASA'S $650,000 GRANT UNTIL IT CREATES A SPECIAL PROGRAM COMPONENT FOR ADJUDICATED DELINQUENTS WHO ARE AT HIGH RISK OF DRUG OR ALCOHOL ABUSE. I AGREE THAT MORE SHOULD BE DONE TO HELP DRUG-TROUBLED YOUNGSTERS, BUT I DO NOT AGREE THAT CHANGING CASA'S MISSION AND SCOPE OF ACTION IS THE WAY TO GO.

MR. CHAIRMAN, I REQUEST AT THIS POINT TO HAVE INCLUDED IN THE RECORD A COPY OF MY LETTER TO ATTORNEY GENERAL RICHARD THORNBURGH OUTLINING MY CONCERNS ABOUT THIS ACTION. A SIMILAR LETTER WAS ALSO SENT TO MR. DONAHUE.

I UNDERSTAND THAT YOUR STAFF HAS RECEIVED SOME ASSURANCES FROM THE JUSTICE DEPARTMENT THAT THEY INTEND TO RELEASE THE REMAINING $150,000 SHORTLY TO CASA WITHOUT ANY STRINGS ATTACHED. I HOPE SO AND THANK YOU, MR. CHAIRMAN, AND CONGRESSMAN HAL ROGERS, AND THE SUBCOMMITTEE STAFF FOR THEIR ASSISTANCE. I HOPE WE RECEIVE WRITTEN CONFIRMATION OF THIS SHORTLY AND THAT THE MONEY IS FREED UP IMMEDIATELY FOR THE CASA ASSOCIATION TO PUT TO GOOD USE.

JUDGE TOM MCDONALD WILL BE SPEAKING A LITTLE MORE ABOUT THE FUTURE FUNDING GOALS FOR THE CASA ASSOCIATION. I ASK THIS DISTINGUISHED SUBCOMMITTEE TO PROVIDE CASA WITH AS CLOSE TO FULL FUNDING AS POSSIBLE IN FISCAL YEAR 1991.

BECAUSE OF THE DELAYS AND OBSTACLES CREATED BY THE JUSTICE DEPARTMENT OVER THE FISCAL YEAR 1990 FUNDING, I FURTHER REQUEST THAT THE SUBCOMMITTEE INCLUDE BILL OR REPORT LANGUAGE TO PREVENT THIS TYPE OF DIVERSION FROM OCCURRING AGAIN. THE WORK THE CASA ASSOCIATION IS DOING IN BEHALF OF THE NATION'S CHILDREN BEFORE THE COURTS IS TOO IMPORTANT TO BE BOGGED DOWN BY THE FEDERAL BUREAUCRACY.

I AM PLEASED TO INTRODUCE OUR SECOND WITNESS THIS MORNING, WHO ALSO APPEARED BEFORE THE SUBCOMMITTEE LAST YEAR.

DR. J. PRICE FOSTER IS THE DEAN OF THE COLLEGE OF URBAN AND PUBLIC AFFAIRS AT THE UNIVERSITY OF LOUISVILLE. DEAN FOSTER HAS WORKED FOR THE PAST SEVERAL YEARS WITH OFFICIALS FROM THE NATIONAL INSTITUTE OF CORRECTIONS (NIC) TO FACILITATE THE MOVE OF NIC'S STATE AND LOCAL CORRECTIONS TRAINING ACADEMY FROM BOULDER, COLORADO, TO THE SHELBY CAMPUS OF THE UNIVERSITY OF LOUISVILLE.

THE TRAINING ACADEMY CONDUCTS PROGRAMS OF INCREASING IMPORTANCE IN THIS DAY AND AGE. THE SITUATION IN OUR FEDERAL, STATE AND LOCAL PRISONS AND JAILS HAS REACHED WHAT SOME CALL A "CRITICAL MASS" AS MORE AND MORE DRUG-RELATED CRIMINAL ACTIVITY POURS MORE AND MORE PRISONERS INTO THE ALREADY-STRAINED CORRECTIONAL SYSTEMS. IT HAS NEVER BEEN MORE VITAL THAT COMPETENT, WELL-TRAINED PEOPLE STAFF THESE PRISONS AND JAILS.

MR. CHAIRMAN, IN 1984 THE ADVISORY BOARD OF THE NATIONAL INSTITUTE OF CORRECTIONS APPOINTED A SPECIAL SITE SELECTION COMMITTEE TO FIND A SUITABLE PERMANENT HOME FOR THE TRAINING ACADEMY, WHICH HAS BEEN HOUSED TEMPORARILY IN BOULDER, COLORADO SINCE 1981. AFTER A LENGTHY -- FOUR YEAR -- EXHAUSTIVE, AND OBJECTIVE SEARCH PROCEDURE, THE SITE SELECTION COMMITTEE SELECTED THE UNIVERSITY OF LOUISVILLE TO BE THE NEW HOME FOR THE ACADEMY. NIC'S ADVISORY BOARD MET IN LOUISVILLE IN JUNE, 1988, TO CONSIDER THE SITE SELECTION COMMITTEE'S RECOMMENDATION, AND APPROVED IT.

IN ADDITION, CONGRESS INCLUDED LANGUAGE IN THE 1988 OMNIBUS DRUG ACT AUTHORIZING CONSTRUCTION AND OPERATION OF A COMPONENT OF THE ACADEMY TO TRAIN CORRECTIONAL OFFICERS IN DRUG REHABILITATION WORK.

LAST YEAR, WITH THE ASSISTANCE OF YOUR SUBCOMMITTEE, LANGUAGE WAS INCLUDED IN THE FISCAL YEAR 1990 COMMERCE-JUSTICE-STATE CONFERENCE REPORT RECOGNIZING THE WORK OF THE SITE SELECTION COMMITTEE AND ENCOURAGING THE JUSTICE DEPARTMENT TO PROCEED WITH PLANS FOR THE MOVE OF THE ACADEMY TO LOUISVILLE. SINCE THAT TIME, THE JUSTICE DEPARTMENT, TO MY KNOWLEDGE, HAS NOT PURSUED THE MATTER ONE STEP FURTHER, NOR HAS IT REQUESTED FUNDING FROM THE CONGRESS FOR EITHER THE MOVE OR THE ADDITION OF THE DRUG REHABILITATION TRAINING COMPONENT FOR THE ACADEMY.

I ASK YOUR DISTINGUISHED SUBCOMMITTEE TO DO ALL POSSIBLE TO ENCOURAGE THE JUSTICE DEPARTMENT TO PROCEED WITH THE ACADEMY'S MOVE TO LOUISVILLE AND ALSO PROVIDE THE NECESSARY FUNDING FOR THE MOVE AS WELL AS THE NEW DRUG TRAINING COMPONENT OF THE ACADEMY IN THE FISCAL YEAR 1991 FUNDING BILL.

101st Congress
1st Session

HOUSE OF REPRESENTATIVES

Report
101-299

MAKING APPROPRIATIONS FOR THE DEPARTMENTS OF COMMERCE, JUSTICE, AND STATE, THE JUDICIARY AND RELATED AGENCIES FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 1990, AND FOR OTHER PURPOSES

October 20, 1989.—Ordered to be printed

Mr. Smith of Iowa, from the committee of conference, submitted the following

CONFERENCE REPORT

[To accompany H.R. 2991]

The Committee of Conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 2991) making appropriations for the Departments of Commerce, Justice, and State, the Judiciary and Related Agencies for the fiscal year ending September 30, 1990, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 18, 32, 37, 84, 85, 98, 109, 111, 116, 121, 127, 130, 133, 159, 161, 163, 180, 183, 184, 185, 188, 190, and 192.

That the House recede from its disagreement to the amendments of the Senate numbered 3, 4, 6, 11, 25, 42, 52, 91, 112, 125, 134, 142, and 160, and agree to the same.

Amendment numbered 114:

That the House recede from its disagreement to the amendment of the Senate numbered 114, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$4,400,000*; and the Senate agree to the same.

Amendment numbered 162:

That the House recede from its disagreement to the amendment of the Senate numbered 162, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$82,000,000*; and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 1, 2, 5, 7, 8, 9, 10, 12, 13, 14, 15, 16, 17, 19, 20, 21, 22, 23, 24, 26, 27, 28, 29, 30, 31, 33, 34, 35, 36, 38, 39, 40, 41, 43, 44, 45, 46, 47, 48, 49, 50, 51, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64,

23-087

[In thousands of dollars]

Program/Activity	Fiscal year—		H.R. 2991			Conference, H.R. 3015	Total funding, fiscal year 1990
	1989 enacted	1990 budget	House	Senate	Conference		
National Institute of Justice	$21,000	$24,691	$23,800	$22,933	$22,933	0	$22,933
Bureau of Justice Statistics	19,986	22,449	21,032	21,032	21,032	0	21,032
State and local assistance	3,497	0	0		0	0	0
Emergency assistance	0	0	0	5,000	10,000	0	10,000
(Prior year carryover)	(1,148)	(1,148)	(1,148)	(0)	(0)	(0)	(0)
Missing children	4,000	4,200	4,000	4,000	4,000	0	4,000
Regional information sharing system	13,030	0	13,000	13,500	13,500	0	13,500
Management and administration	17,900	18,405	19,318	19,318	19,318	0	19,318
General reduction	0	0	0	−5,000	0	0	0
(Prior year carryover)	(1,200)	(0)	(0)	(0)	(0)	(0)	(0)
Subtotal, new budget authority	79,383	69,745	81,150	80,783	90,783	0	90,783
Juvenile justice programs	64,692	1,508	69,693	69,193	64,193	8,821	73,014
(Prior year carryover)	(2,000)	(0)	(0)	(0)	(0)	(0)	(0)
Mariel Cubans	5,000	0	5,000	5,000	5,000	(0)	5,000
State and local grants	150,000	350,000	150,000	150,000	150,000	300,000	450,000
Total, discretionary; budget authority	299,075	421,253	305,843	304,976	309,976	308,821	618,797
Public safety officers: Benefits program (mandatory)	24,000	25,000	25,000	25,000	25,000	0	25,000
Total	323,075	446,253	330,843	329,976	334,976	308,821	643,797
(Prior year carryover)	(4,348)	(1,148)	(1,148)	(0)	(0)	(0)	(0)

Edward Byrne Memorial State and Local Law Enforcement Assistance Programs.—The conference agreement of $150,000,000, when added to the $300,000,000 included in Title IV of H.R. 3015, provides a total of $450,000,000 for fiscal year 1990 for the State and local drug control and system improvement grant programs.

The conference agreement provides for a total of $50,000,000 for discretionary grants, to include:

Not less than $3,000,000 for innovative neighborhood-oriented policing projects in both Urban and rural areas, such as: the National Neighborhood Crime and Drug Abuse Prevention Program of the Eisenhower Foundation; Operation Siege in Houston, Texas; PNOPP in Portland, Oregon; Knock and Talk in Anchorage, Alaska; and the National Association of Town Watch.

Not less than $2,700,000 for the National Crime Prevention Council to administer the National Crime Prevention Campaign.

Not less than $2,000,000 for drug abuse demand reduction programs, specifically not less than $1,000,000 for the Drug Abuse Resistance Education (DARE) program and not less than $1,000,000 for the National Crime Prevention Campaign.

Not less than $1,200,000 for the Structured Sentencing Program and the Prison Capacity Program in order to provide mechanisms for States to make maximum effective use of their correctional resources.

Not less than $3,000,000 for the Organized Crime Narcotics (OCN) program to support regional organized crime task forces in order to foster Federal, State and local cooperation.

The conferees also support continuation of discretionary grants for comprehensive, coordinated training for State and local law en-

CASA

forcement personnel and for treatment services for incarcerated offenders, including community-based aftercare.

The conference agreement also provides for an increase of $500,000 and 10 full-time positions above FY 1989 levels for Management and Administration by the Bureau of Justice Assistance (BJA) of this grant program. The conferees expect these additional resources to be used to increase both the monitoring and reporting of the formula block grant program. The conferees believe increased monitoring is needed to ensure that funds are being properly spent by grant recipients. The additional monitoring efforts should include the development and implementation of a monitoring plan and checklists. The conferees also believe that current reporting of the results of demonstration projects among local law enforcement agencies should be expanded in order to share the valuable lessons learned. The expanded reporting should include increased travel to review projects and the subjective assessment of programs.

The conferees are aware that up to 10 percent of a State's formula block grant may be spent for management and administration. Considering the large increase in formula grants for FY 1990, the conferees believe that these costs should be limited to 5 percent and request the BJA to issue guidelines to State agencies to recommend the lower amounts. Also, the conferees expect the BJA to increase monitoring of these management costs to ensure that there is no waste or abuse of this grant authority.

Emergency Assistance.—The Federal government's ability to respond in a timely and effective manner to assist state and local law enforcement agencies facing unprecedented public safety emergencies, such as those faced by the State of South Carolina in the aftermath of Hurricane Hugo and the State of California due to the earthquake of October 17, 1989, must be sufficient to meet the needs of impacted jurisdictions. Therefore, the conferees have included $10,000,000 for grants, cooperative agreements and other assistance authorized by the Emergency Federal Law Enforcement Assistance Program. The conferees intend that of the funds provided $5,000,000 will be allocated to those localities most devastated by Hurricane Hugo and $5,000,000 will be provided to assist localities in California suffering from the impact of the earthquake of October 17, 1989.

Juvenile Justice and Delinquency Prevention Program (JJDPP).—The conference agreement of $64,193,000, when added to the $8,821,000 included in Title IV of H.R. 3015, provides a total of $73,014,000 in fiscal year 1990 for JJDPP, an increase of $6,322,000 over amounts available in fiscal year 1989.

The conference agreement includes: $350,000 to carry out the provisions of section 241(f) of the JJDP Act to provide financial and technical assistance to an organization representing the State Advisory Groups (SAGs); $2,900,000 for the coordinated, Law-Related Education (LRE) program; $3,000,000 to initiate a new program relating to juvenile gangs, drug abuse, and drug trafficking of which $300,000 is for the Teen, Crime and the Community Program; $2,000,000 for the National Council of Juvenile and Family Court Judges; $650,000 for the Court-Appointed Special Advocate (CASA) program; and $250,000 for the training of juvenile corrections per-

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

The conference agreement provides funds for possible increases in border patrol and other enforcement activities, and for reimbursement to States and localities for assistance in meeting an immigration emergency, subject to Presidential determination as proposed by the Senate and inserts new language making the funds available until expended. The House bill included no similar provisions.

FEDERAL PRISON SYSTEM

SALARIES AND EXPENSES

Amendment No. 58: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the Senate amendment which inserts a heading. The House bill contained no similar provision.

Amendment No. 59: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the Senate amendment which provides $1,097,631,000 as proposed by the Senate. The House bill contained no similar provision.

The conference agreement also includes language proposed by the Senate which limits to 159 the number of passenger vehicles to be purchased, allows for the transfer to the Health Resources and Services Administration funds for medical relief of inmates, provides for the purchase of uniforms and allows $3,000 for official reception and representation expenses. The House bill contained no similar provisions.

The conference agreement of $1,097,631,000, when added to the $54,923,000 included in Title IV of H.R. 3015, provides a total appropriation of $1,152,554,000 for the Salaries and Expenses of the Federal Prison System for FY 1990—the full budget request.

The total appropriation of $1,152,554,000 provides for requested adjustments to base and built-in changes and for program increases as follows: $45,379,000 for activation of new facilities; $25,500,000 for improved staffing; $3,200,000 for ADP; $24,535,000 for population adjustments; $10,642,000 for contract confinement; $10,983,000 for equipment and inventory; $6,000,000 for vocational training; and $6,000,000 for inmate performance pay.

The conference agreement also includes $320,000 for Prison MATCH programs. These funds would provide $50,000 for each of the four existing programs (Alderson, West Virginia; Fort Worth, Texas; Pleasanton, California; Lexington, Kentucky) and $30,000 for each of the four other federal institutions (Geiger Correctional Institution, Washington; Marianna, Florida; Danbury, Connecticut; and Phoenix, Arizona) where female prisoners are now housed. Such funds should support inmate parent/child programs, which are contracted to local, non-profit agencies and which include a parent-child visiting center, parent training classes, and social services for the children of inmate parents.

ACADEMY

National Institute of Corrections

Amendment No. 60: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the Senate amendment which appropriates $10,112,000. The House bill contained no similar provision.

The conferees have been made aware of the proposed move of the National Academy of Corrections and the decision of the Justice Department Site Selection Committee. The conferees believe that the Department should move forward with their plans to consolidate and relocate the Academy.

BUILDINGS AND FACILITIES

Amendment No. 61: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the Senate amendment with an amendment as follows:

In lieu of the matter proposed by said amendment insert the following:

BUILDINGS AND FACILITIES

For planning, acquisition of sites and construction of new facilities; purchase, leasing and acquisition of facilities and remodeling and equipping of such facilities for penal and correctional use, including all necessary expenses incident thereto, by contract or force account; and constructing, remodeling, and equipping necessary buildings and facilities at existing penal and correctional institutions, including all necessary expenses incident thereto, by contract or force account, $401,332,000, to remain available until expended: Provided, That labor of United States Prisoners may be used for work performed under this appropriation: Provided further, That not to exceed 10 per centum of the funds appropriated to "Buildings and Facilities": in this Act or any other Act may be transferred to "Salaries and expenses", Federal Prison System upon notification by the Attorney General to the Committees on Appropriations of the House of Representatives and the Senate in compliance with provisions set forth in section 606 of this Act.

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

The conference agreement includes $401,332,000 for Buildings and Facilities for fiscal year 1990 as proposed by the Senate. The conference agreement also includes language proposed by the Senate which allows for the use of U.S. prisoners for work performed at prisons, and provides for the transfer of up to 10 percent of the Buildings and Facilities appropriation to the Salaries and Expenses appropriation in the event of an emergency. The House bill contained no similar provisions.

The conference agreement of $401,332,000 when added to the $1,000,000,000 included in Title IV of H.R. 3015 and the $115,000,000 to be transferred from the Special Forfeiture Fund, provides for total fund availability of $1,516,332,000 for the construction and expansion of Federal prisons—the full request for fiscal year 1990. These funds provide for a prison construction program as follows:

DRUG BILL

Public Law 100-690
100th Congress

An Act

To prevent the manufacturing, distribution, and use of illegal drugs, and for other purposes.

Nov. 18, 1988
[H.R. 5210]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

Anti-Drug Abuse Act of 1988.
21 USC 1501 note.

SECTION 1. SHORT TITLE.

This Act may be cited as the "Anti-Drug Abuse Act of 1988".

SEC. 2. TABLE OF TITLES.

Title I—Coordination of national drug policy
Title II—Treatment and prevention programs
Title III—Drug education programs
Title IV—International narcotics control
Title V—User accountability
Title VI—Anti-drug abuse amendments act of 1988
Title VII—Death penalty and other criminal and law enforcement matters
Title VIII—Federal alcohol administration
Title IX—Miscellaneous
Title X—Supplemental appropriations

TITLE I—COORDINATION OF NATIONAL DRUG POLICY

Subtitle A—National Drug Control Program

National Narcotics Leadership Act of 1988.
21 USC 1501 note.

SEC. 1001. SHORT TITLE.

This subtitle may be cited as the "National Narcotics Leadership Act of 1988".

21 USC 1501.

SEC. 1002. ESTABLISHMENT OF OFFICE.

(a) Establishment of Office.—There is established in the Executive Office of the President the "Office of National Drug Control Policy".

(b) Director and Deputy Directors.—(1) There shall be at the head of the Office of National Drug Control Policy a Director of National Drug Control Policy.

(2) There shall be in the Office of National Drug Control Policy a Deputy Director for Demand Reduction and a Deputy Director for Supply Reduction.

(3) The Deputy Director for Demand Reduction and the Deputy Director for Supply Reduction shall assist the Director in carrying out the responsibilities of the Director under this Act.

(c) Bureau of State and Local Affairs.—(1) There is established in the Office of National Drug Control Policy a Bureau of State and Local Affairs.

(2) There shall be at the head of such bureau an Associate Director for National Drug Control Policy.

(b) CLERICAL AMENDMENT.—The table of section for chapter 31 of title 28, United States Code, is amended by adding at the end the following new item:

"530A. Authorization of appropriations for travel and related expenses and for health care of personnel serving abroad.".

Subtitle J—Program-Related and Study Provisions

SEC. 6291. ENHANCEMENT OF THE DRUG AFTERCARE PROGRAM OF THE ADMINISTRATIVE OFFICE OF THE UNITED STATES COURTS.

Section 4(a) of the Contract Services for Drug Dependent Federal Offenders Act of 1978 (18 U.S.C. 4255 note) is amended by—

(1) striking out "$14,000,000" and inserting "$24,000,000" in lieu thereof, and

(2) striking out "$16,000,000" and inserting "$26,000,000" in lieu thereof.

*

SEC. 6292. NATIONAL TRAINING CENTER FOR PRISON DRUG REHABILITATION PROGRAM PERSONNEL.

18 USC 4352 note.

(a) IN GENERAL.—The Director of the National Institute of Corrections, in consultation with persons with expertise in the field of community-based drug rehabilitation, shall establish and operate, at any suitable location, a national training center (hereinafter in this section referred to as the "center") for training Federal, State, and local prison or jail officials to conduct drug rehabilitation programs for criminals convicted of drug-related crimes and for drug-dependent criminals. Programs conducted at the center shall include training for correctional officers, administrative staff, and correctional mental health professionals (including subcontracting agency personnel).

(b) DESIGN AND CONSTRUCTION OF FACILITIES.—The Director of the National Institute of Corrections shall design and construct facilities for the center.

(c) AUTHORIZATION OF APPROPRIATIONS.—In addition to amounts otherwise authorized to be appropriated with respect to the National Institute of Corrections, there are authorized to be appropriated to the Director of the National Institute of Corrections—

(1) for establishment and operation of the center, for curriculum development for the center, and for salaries and expenses of personnel at the center, not more than $4,000,000 for each of fiscal years 1989, 1990, and 1991; and

(2) for design and construction of facilities for the center, not more than $10,000,000 for fiscal years 1989, 1990, and 1991.

SEC. 6293. STUDY OF ALTERNATIVE JUDICIAL SYSTEM.

The Attorney General shall study the feasibility of prosecuting Federal drug-related offenses in a manner alternative or supplemental to the current criminal justice system. The Attorney General shall report the results of such study to Congress not later than 180 days after the date of the enactment of this Act.

ROMANO L. MAZZOLI
Third District, Kentucky

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SMALL BUSINESS

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March 22, 1990

The Honorable Richard Thornburgh
Attorney General
U.S. Department of Justice
10th St. & Constitution Ave., N.W.
Washington, D.C. 20530

Dear Mr. Attorney General:

This is to follow-up on a recent telephone conversation I had with Mr. Terry Donahue, Acting Administrator of the Office of Juvenile Justice and Delinquency Prevention Programs (OJJDP) concerning funding for the Court-Appointed Special Advocate (CASA) program.

CASA volunteers are appointed by the court to act as one-on-one advocates for neglected and abused juveniles in the court system. I know firsthand about the important work the CASA volunteers are doing in my hometown of Louisville and Jefferson County, Kentucky, where I have worked closely with Jefferson County Juvenile Court Judge Tom McDonald, President of the National CASA Association, in efforts to obtain federal funding for CASA.

It was at my request that language was included in the Fiscal Year 1990 Commerce-State-Justice Conference Report earmarking $650,000 in federal funds for the CASA program. I've enclosed a copy of the Conference Report language for your consideration.

I am disturbed by the enclosed letter OJJDP Administrator Donahue sent the National CASA Association notifying them he intended to withhold $150,000 of its $650,000 grant until CASA creates a special program component for adjudicated delinquents who are at high risk of drug or alcohol abuse.

I agree with Mr. Donahue that more should be done to help drug-troubled youngsters, but I do not agree that changing CASA's mission and scope of action is the way to go.

One of the major ingredients in the CASA program's recipe for success has been its narrow focus on neglected and abused children who are before the court. Casa has been able to grow from a loose series of localized, grass-roots programs to an

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effective and efficient national program -- along the way earning the respect and support of Congress -- by making wise and effective use of its funds -- both federal and private -- and by the wise use of its people.

It would be wrong to jeopardize this success by forcing CASA -- in order to receive funding -- to dilute its mission and message and move into unfamiliar areas.

I ask that OJJDP Director Donohue be told to release the $150,000 to CASA for use in its current programs. I would appreciate your early response.

With all best wishes and regards.

Sincerely,

Ron Mazzoli

ROMANO L. MAZZOLI
Member of Congress

RLM:jfk
Enclosures

cc: Honorable Tom Foley, Speaker of the House
Honorable Neal Smith
Honorable Hal Rogers
Honorable Dale Kildee

U.S. Department of Justice

Office of Juvenile Justice and
Delinquency Prevention

Washington, D.C. 20531

February 27, 1990

Ms. Beth Waid
Executive Director
NCASAA
3722 Eastlake Avenue E, Suite 200
Seattle, Washington 98109

Dear Ms. Waid:

We are pleased to inform you the grant award entitled "Court Appointed Special Advocates for Abused and Neglected Children", has been approved. The amount of your award is to be $650,000. Five hundred thousand ($500,000) is being awarded at this time.

The original and one copy of the Award with Special Conditions are enclosed. If you accept this award, sign both the Award and Special Conditions and return the copy to the Financial Management and Grants Administration Division, Office of the Comptroller. Keep the original copy of the Award and Special Conditions for your file. Obligations and expenditures may be incurred on or after the first day of the official grant period.

Also included are copies of the required OJP guidelines and reporting forms (both financial and progress) with instructions on preparation of the forms. All copies of progress and financial reports, as required under the terms of your Grant Award, should be sent to the Financial Management and Grants Administration Division which will subsequently forward them to your Program Monitor. An original and two copies of your Progress Report and Financial Status Report (H-1) are required quarterly.

The actual amount of future awards will be determined or negotiated based on proposed budgets, program reports, other information contained in the continuation application for the budget period involved or on information otherwise available to OJJDP, and the availability of funds.

Further, you are advised that funding of future continuation grants (or supplements) within the approved project period may be withheld or the grant terminated by OJJDP, for justifiable reasons, which include:

(b) OJJDP funds are not available to support the project;

(c) grantee failure to show satisfactory progress in achieving the objectives of the project or otherwise failing to meet the terms and conditions of the award;

(d) grantee management practices fail to provide adequate stewardship over OJJDP funds;

(e) outstanding audit exceptions have not been cleared; or

(f) any other reason which indicates that continued funding would not be in the best interest of the government.

* We are holding $150,000 of the $650,000 total award in reserve pending negotiation with the Office of Juvenile Justice and Delinquency Prevention regarding OJJDP's desire to have CASA develop and implement a CASA program for adjudicated delinquents who are at high risk of involvement in illegal drug and alcohol use.

* Within 30 days of grant award, please provide information regarding feasibility of developing this new component including how your current operations will be impacted; how you will proceed to plan for this new target group; a time frame; and the cost of implementing a plan.

* It is not the intention of this Office to damage your current program. We feel, however, that you have developed an excellent model that could have a beneficial impact upon adjudicated delinquents, and would like to see you begin to move in this new direction.

By accepting this award, grantee assumes certain administrative and financial responsibilities including the timely submission of all financial and programmatic reports, resolution of all interim audit findings, and the maintenance of a minimum level of grant cash-on-hand. Should your organization not adhere to the terms and conditions of this award it is subject to termination for cause or other administrative action as appropriate.

If you have any programmatic or administrative questions pertaining to this award, please feel free to contact Ms. Lois Brown, your Program Monitor on 202/724-7573, or Ms. Iris Briscoe, the Fiscal Specialist on 202/724-7097.

Sincerely,

Terrence S. Donahue
Acting Administrator

Enclosures

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Sincerely,

Terrence S. Donahue
Acting Administrator

Enclosures

Mr. SMITH. Thank you for your statement. We can finish this panel, I think, before we go vote. Go ahead.

Mr. ROGERS. Is the Congressman coming back to rejoin the panel?

Mr. MAZZOLI. Well, I could, if it would be helpful.

Mr. ROGERS. Could I ask a question now?

Mr. SMITH. Yes, yes.

Mr. ROGERS. What does the $10 million cover?

Mr. MAZZOLI. Tom could actually talk to that point more adequately than I, but that would be the $10 million?

Mr. FOSTER. That is the correctional academy.

Mr. MAZZOLI. Oh, that is for the correctional academy. Yes, that's right.

Mr. FOSTER. That would have to do with construction costs for the whole facility, the classrooms, the library, the auditorium, all of the construction costs.

Mr. ROGERS. Well, if I have any other questions I guess I can ask them later.

Mr. SMITH. Okay. Go ahead Judge McDonald.

Mr. MCDONALD. Mr. Chairman, Mr. Rogers, my name is Tom McDonald and I am a juvenile court judge in Louisville, Kentucky. I would like to thank you for allowing me the opportunity to address you today as president of the National Court-Appointed Special Advocate Association.

I would also like to thank Congressman Mazzoli for his dedicated advocacy on behalf of these children, and particularly for his longstanding support of CASA. Today I am seeking your support of important funding needed for the National CASA Association through your appropriations for the Office of Juvenile Justice and delinquency prevention.

CASA volunteers are court-appointed special advocates for children, trained community volunteer guardians ad litem who speak up for abused and neglected children in court. The volunteers are critical to helping the courts place hundreds of thousands of abused and neglected children into permanent, nurturing homes and to preserve America's families.

The National CASA Association provides training, start-up and expansion grants, conferences, publications and resource materials for programs throughout the country. There are now 393 programs in 47 States. Last year when I appeared before you there were 366 programs in 46 States. We now have more than 15,000 volunteers. Last year we had 12,000. In 1989 we worked with over 67,000 abused and neglected children.

It is rare to have the opportunity to save millions of taxpayer dollars by a relatively moderate increase in Federal assistance, yet that is the reality that National CASA presents to you today. This is possible because CASA programs are based upon volunteer services.

For example, to comply with the mandates of Public Law 93-247, the Child Abuse Prevention and Treatment Act of 1974, county and State governments must provide a guardian ad litem in each case of child abuse and neglect that goes before the courts. Without CASA, this service is usually performed by an attorney who may charge anywhere from $50 to $100 per hour.

Using the State of Ohio as an example, CASA volunteers there gave approximately 34,200 hours of service as volunteer guardians ad litem in 1989. If paid attorneys had been used in that role, it would have cost the State of Ohio over $3 million. Nationally, our volunteers gave over or almost 900,000 volunteer hours during 1989. Obviously the savings in Federal tax dollars are astronomical.

Since I spoke to you last, the House Select Committee on Children, Youth, and Families has issued a national report that documents many of the alarming deficiencies in the the child welfare and juvenile justice systems. It confirms the fact that many young children are placed on a foster care treadmill from which they never escape. The report is titled, "No Place To Call Home: Displaced Children In America." And members of the committee, that report projects that by the year 1995 there will be over 850,000 children in this country in out-of-home placements.

Prevention and early intervention are far less costly, more effective, and preferable to removing the child from his family, the report finds, yet lack of adequate funding and oversight have handicapped such services. CASA volunteers are a valuable national resource that can help curtail this dreadful trend of removing children from their homes, only for them to drift through outside placement for years on end.

Today CASA volunteers are available for less than 20 percent of the abused and neglected children in this country. The unserved, that 80 percent out there, remain helpless and voiceless. These are the children who have been identified by the board of directors of the National CASA Association as our priority for the nineties.

Our goal is to provide a volunteer for every child who needs one by the year 2000. To accomplish this we are going to need to establish 250 new programs each year and serve an additional 23,000 children each year over the next decade. This goal is attainable, but only if the association has the capability and the resources necessary to support continued growth in programs and volunteers.

Members of the subcommittee, in light of CASA's tremendous growth since the establishment of the national organization, our demonstrated success in helping judges understand the painful sequence of the abused and neglected child, and in recognition of our potential to achieve even greater cost savings for the American public, we request a recommendation to increase our funding with a line item appropriation of $1.5 million.

Mr. Chairman, I tendered a more detailed written statement.

[The statement of Judge McDonald follows:]

NATIONAL COURT APPOINTED SPECIAL ADVOCATE ASSOCIATION
DETAILED TESTIMONY BEFORE THE HOUSE APPROPRIATIONS SUBCOMMITTEE ON COMMERCE, JUSTICE, STATE AND THE JUDICIARY IN SUPPORT OF FUNDING FOR THE NATIONAL CASA ASSOCIATION

WEDNESDAY, MARCH 28, 1990

Presented by the Honorable Tom McDonald, Judge
Thirtieth Judicial District, Louisville, Kentucky
President, National CASA Association

National Court Appointed Special
Advocate Association
2722 Eastlake Avenue East, Suite 220
Seattle, WA 98102
(206) 328-8588

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NATIONAL COURT APPOINTED SPECIAL ADVOCATE ASSOCIATION DETAILED TESTIMONY BEFORE THE HOUSE APPROPRIATIONS SUBCOMMITTEE ON COMMERCE, JUSTICE, STATE AND THE JUDICIARY
WEDNESDAY, MARCH 28, 1989
IN SUPPORT OF FUNDING FOR THE NATIONAL CASA ASSOCIATION

Presented by the Honorable Tom McDonald, Judge
Thirtieth Judicial District, Louisville, Kentucky
President, National CASA Association

SUMMARY

Thank you for the opportunity to testify in support of the National CASA Association. In 1989 Congress authorized $650,000 for the NCASAA to be awarded through the Office of Juvenile Justice and Delinquency Prevention (OJJDP), which has since been awarded by OJJDP. In order to adequately support the training and development needs of the hundreds of CASA programs across the country, and to seek a more secure source of funding this year, the National CASA Association is requesting that a line item authorization in the amount of $1.5 million be included in the appropriations bill for the OJJDP for FY 1991.

We also are testifying in support of continued funding of OJJDP which provides services of immense value to the children and youth of this nation.

The National CASA Association is a nonprofit organization established to promote the growth and development of programs which utilize trained volunteers to advocate for abused and neglected children in juvenile dependency proceedings. Our volunteer advocacy work is founded on the premise that early intervention coupled with the appropriate and timely handling of a child's abuse or neglect case can prevent child victims from becoming juvenile delinquents and adult perpetrators. Our nation's juvenile detention facilities, training schools and adult jails, lockups and prisons house many young men and women who were themselves victims of abuse and neglect. Had they received the kind of service and support they needed as victims, they might well be taxpaying citizens today.

With support from the Office of Juvenile Justice and Delinquency Prevention, the National CASA Association has provided training and technical assistance to the growing network of 393 programs in 47 states with 15,000 volunteers who advocate for 67,000 children. Our work has helped thousands of children find permanence and stability in their lives at substantial savings to the public. Court Appointed Special Advocates or guardian ad litem volunteers help assure that judges receive sufficient information on which to base their decisions by conducting interviews of all parties involved -- the child, his parents and relatives as well as teachers, counselors, ministers; act as a spokesman for a child's best interests; and monitor a child's case to help ensure that services are provided in a timely fashion and that deadlines are followed.

The number of CASA programs around the country has grown exponentially since the founding of the first program in 1977. The growth of programs has been particularly dramatic since juvenile justice dollars were first targeted to program support and development in 1985. The number of programs has more than quadrupled over that timeframe - from 88 in 1984 to 393 today - and the number of states having programs has increased from 29 to 47. Yet as dramatic as our growth has been, 85% of the 3,000 potential jurisdictions and approximately 78% of the children involved in dependency hearings are not served by CASA programs. Interest in program development continues to grow. It is vital that resources generated under the provisions of the Juvenile Justice and Delinquency Prevention Act be specifically targeted to the development of programs both to sustain current efforts and to meet the burgeoning need. The provisions of that Act are perhaps the single most important recognition in federal policy of the vital link between appropriate intervention in child abuse and the prevention of juvenile delinquency. Thus increased funding is critical for maintaining federal focus and concern regarding assistance to our nation's most vulnerable population -- child victims.

DESCRIPTION OF THE PROBLEM

In 1986, there were 2.2 million reports of child abuse and neglect in the United States. The crime of abuse not only steals the safety and innocence of childhood; it robs society as well. When children grow up in an environment of uncertainty and insecurity, they become vulnerable to many of our most serious social concerns -- drug abuse, teen pregnancy, mental illness, homelessness and crime. The American Humane Association estimates that each year approximately 300,000 cases involving children under eighteen come to the attention of juvenile courts due to allegations of abuse, neglect and abandonment. A tragic irony is that many become abusive parents themselves, thus perpetuating a vicious cycle.

CASA's ROLE IN THE WAR ON DRUGS

Correlation Between Substance Abuse and Child Abuse/Neglect

There is no question that our society is experiencing an epidemic of addiction to both legal and illegal drugs. Between 1985 and 1989, reported cases of newborn drug withdrawal in Los Angeles County increased more than 400%. In addition to their serious problems as drug-exposed newborns, we are now aware of long-term problems as well. "These children often need long-term foster or institutional placement due to broken or fragmented relationships with their mothers and extended families, yet they are increasingly perceived as 'hard to place' in both foster and adoptive homes."[1]

In this light, CASA volunteers take on an even more significant role in helping America combat the War on Drugs. The spiraling increase of continuing chemical abuse has resulted in a serious increase in cases of child neglect and subsequent state intervention. More and more often, children are being removed from their homes because of evidence of maternal lifelong addiction and the threat of further family deterioration. The scenario will only worsen as we see "ice," methamphetamines and other more marketable drugs looming on the horizon.

Courts who have assigned CASA volunteers early in cases of neglect are receiving a much clearer picture of the home environment, and are able to assign appropriate services for the families. The CASA is able to report to the courts what risks are present for the child and to advocate for appropriate services. Whenever possible, in home services, drug rehabilitation and maintenance of the family are a far better and more cost effective resolution of neglect ccases.

In my own experience serving in the juvenile courts of the 30th Judicial District in Louisville, Kentucky, I have noted that drug and alcohol abuse has been a tremendous contributory factor to the incidences of child abuse and neglect. Among the abuse and neglect cases brought before me, alcohol and drug abuse is prevalent in at least 40 to 50 percent of the families. Yet when a CASA volunteer is assigned early enough to a case, they have been successful in ensuring that the families access the services they need and thus prevent further abuse or removal of the child from the home.

Correlation Between Child Abuse/Neglect and Delinquent/Adult Criminal Behavior

Roughly 16% of abuse and neglect reports end up in the court. The courts must then decide what's best for the child -- is it safe for the child to go home, should he be placed in foster care, are special services needed? These are awesome decisions that can impact a child for the rest of his life. For some 270,000 children in this country, the decision has resulted in their placement away from home in foster care or an institutional setting. Numerous studies show that returning abused and neglected children to stable, permanent families can assist in preventing delinquency. Unfortunately, the abused and neglected children who end up in juvenile courts often become part of the costly "foster care drift".[2]

In theory, foster care is designed to be a temporary arrangement, the family separated only for the period necessary to better the situation for the child. But in reality, many of the approximately 270,000 children in the foster care system spend their childhood drifting from foster home to foster home due to a system which fails to either reunite them with their families or expedite permanent placement. Some children literally grow up in the child welfare system.

There is a substantial relationship between child abuse and neglect and juvenile delinquency. Recent studies have shown that 33% of juvenile delinquents suffered from severe abuse, and that 66% of child abuse histories involved a "parent perpetrator."[3]

In a Denver detention center, 84 percent of first-time offenders reported they were abused or neglected before the age of six. Among these, 92 percent had suffered abuse from their parents within 18 months of their arrest.[4]

In Arkansas, a survey of girls adjudicated as delinquent or in need of supervision revealed that 53% had been sexually abused, and 51% had been physically abused.[5]

According to a report in the 1988 American Journal of Psychiatry, of the 37 juveniles currently condemned to death in the United States, twelve had been brutally physically abused, and five had been sexually abused by relatives.[6] Another study found that the histories of juvenile sexual offenders reveal a high incidence of sexual victimization in the childhood experience of the offenders.[7]

The Office of Juvenile Justice and Delinquency Prevention and the National Institute of Justice cosponsored a two-year research project to determine the relationship between drug and alcohol abuse and delinquent behavior. Among a sample of 400 juveniles in a Florida Juvenile Detention Center, 40% admitted or tested positive for drug use. It was revealed that at least 35% of this number had been physically or sexually abused.[8]

The juvenile offender is a major component of the crime population in the United States. In 1987, youths, ages 13 to 18 years, committed nearly 33% of all property offenses according to the FBI Crime Index. At the same time they were responsible for 15% of all violent crimes. Arrests for this age group were higher than for any age group in this period, yet their percent in the population was only 8.6% The costs of both adjudication and incarceration are high. Costs range from $8,000 to $30,000 annually to keep a delinquent in a juvenile facility.[9]

Statistics on the relationship between sexual abuse and prostitution are also revealing. Studies show that juvenile prostitutes had experienced more sexual advances by adults and were more often victims of incest and rape than other juveniles.[10] Between 40% and 50% of the reported sexual offenses against children are committed by juveniles.[11] Experts see a relationship between sexual molestation, lack of parental support, and a career of prostitution. "Abusive sexual experiences may have a significant impact on the victims' developing self-identity and this may relate to the development of adult patterns of female sexual or occupational deviance such as prostitution."[12] Even if a sexually abused child avoids the downward spiral of juvenile prostitution, studies show that sexually victimized children in general have poorer concentration and are more aggressive, withdrawn, antisocial, depressed, fearful, nervous and emotional.[13]

The best interests of the child too often get sidetracked in the current child welfare system. Due to enormous case loads and financial restraints on social workers and juvenile court personnel, the process fails to expedite children toward any stable resolution, whether it be returning home to the natural parents or being freed for adoption. One study of 4,000 children in the foster care system predicted that more than half of them would be "living a major part of their childhood in foster families and institutions."[14]

An examination of the roles of the parties involved in juvenile court proceedings reveals the cause for a lack of adequate representation of the child's best interests. The goal of the attorney for the State or state agency is to prove the allegations in the petition. The attorney for the parents has an ethical obligation to represent them zealously. The social worker, with huge caseloads and administrative bureaucracy to deal with, is required to provide services to the entire family within the confines of agency policy. The judge must render a decision based upon the evidence presented and is not in a position to advocate for the child. The child's best interests are not represented.

DEVELOPMENT OF CASA PROGRAMS

The Child Abuse Prevention and Treatment Act of 1974, P.L. 93-247, requires that in order to receive certain federal funds states must provide a guardian ad litem for children who enter judicial proceedings as a result of allegations of abuse or neglect. The guardian ad litem is defined as a "person appointed by the Court to promote and protect the interests of a child involved in a judicial proceeding, through assuring representation of those interests in the courts and throughout the social service and ancillary service systems."

Compliance with the GAL Provisions of P.L. 93-247

Compliance with the guardian ad litem provisions of the Act is far from complete. State CASA directors report the following range of GAL representation in their states: Ohio (25-50%), Washington (70%), Minnesota (30%), and Tennessee (25%). The U.S. Department of Health and Human Services has responsibility for minitoring compliance with the Act, but for lack of funding, Health and Human Services regional offices accept the self-reporting of the states on compliance. They conduct no independent verification or audits on compliance.

The Mandate of P.L. 93-247 implies a fiscal responsibility of the Office of Juvenile Justice to fund guardian ad litem programs. It can be interpreted as a continuing federal commitment to provide for training, technical assistance, development and expansion of guardian ad litem representation so that every abused or neglected child involved in judicial proceedings shall have a guardian to represent his or her best interests. This is the intent of P.L. 93-247.

Traditionally, the guardians ad litem appointed to represent children in juvenile court have been attorneys. Often, attorneys are the guardian ad litem as well as the child's legal representative. This causes a conflict of two very separate roles. Attorneys are required to represent their client's views in court, whether in their best interests or not, while guardians ad litem must represent the child's best interests, whether it is what the child wants or not. Besides the expense of attorneys' time, most attorneys have no special training in child advocacy, and they especially do not have the time to do thorough investigations and periodic monitoring of court orders.

"If the lawyer for the child is to decide what is in the child's best interests, nothing in the lawyer's training has equipped him or her to assess parental conduct, to appraise the harms to a child presented by his environment, to recognize strengths in the parent-child relationship, or to evaluate the soundness of an intervention strategy proposed by the social agency."[15]

In 1977 a Superior Court Judge in King County, Washington (Seattle) conceived of a unique program to address these concerns which utilized trained volunteers to serve as guardian ad litem for abused and neglected children whose cases came before his court. The role of the court appointed volunteer was to insure that the child's best interests were represented in court, to gather vital information for the judge and to monitor the case so that the child did not get lost in the system. The volunteers interviewed the child, parents, relatives, teachers, physicians, ministers and gave the kind of attention to a child's case that caseworkers and attorneys were unable to because of their caseloads. In addition they offered a unique, unbiased perspective to the judge which was unfettered by bureaucratic loyalties or professional biases. And, many times they brought continuity -- they were the consistent face in the courtroom over the life of the child's case in court.

In the Seattle program's first year, it assigned 110 trained volunteers to 498 children. The next year, the National Center of State Courts selected the Seattle program as the "best national example of citizen participation in the juvenile justice system". Support for the program concept grew and programs began to develop around the country.

At its Annual Meeting last summer, the American Bar Association officially endorsed the use of CASA volunteers to work with attorneys to speak for abused and neglected children in juvenile court. The ABA endorsement also "encourages its members to support the development of CASA programs in their communities."[16] Additionally, the ABA's Juvenile Justice Standards Project found in 1976 that "While independent representation for a child may be important in protective and custodial proceedings, a representative trained wholly in the lay may not be the appropriate choice for this function."[17]

Best Representation of Child's Best Interests

The Department of Health and Human Services funded a study entitled the National Evaluation of the Impact of Guardians Ad Litem in Child Abuse and Neglect Proceedings which was published in 1988 by CSR, Inc. CSR, Inc. studied five major GAL models: 1) Law School Clinic Model, 2) Staff Attorney Model, 3) Paid Private Attorney Model, 4) CASA/Staff Attorney Model, and 5) CASA Model (with attorney and staff support). Two examples of each model were studied in nine counties from six different states. Data was gathered from three sources: 1) interviews with judges, states attorney and caseworker; 2) records of the court and the child welfare agency; and 3) two in depth case studies from each site -- called "network interviews". The study found that "compared to attorneys, the CASA models were clearly superior. CASA volunteers are excellent investigators and mediators, remain involved in the case and fought for what they thought was best for the program."[18]

The study noted also "The CASAs persistent monitoring of the case allowed them to identify needed changes and services in the case over time and caused the court and agency to approach the case more dynamically. This is reflected by the frequent court ordered changes in case plans found for the CASA models. Due to these factors - thorough case investigation, independence of viewpoint, monitoring of the case, positive relationships with the child and assistance in securing needed services - we give the CASA models our highest recommendation."

In Deprived Children: A Judicial Response, the National Council of Juvenile and Family Court Judges' Metropolitan Court Judges Committee made 73 recommendations to ameliorate the problems of deprived children who require public custody and protection. The fifteenth recommendation states that CASAs should be utilized by the court at the earliest stage of the court process, where necessary, to communicate the best interests of an abused or neglected child.

EFFECTIVENESS OF THE PROGRAM

The advocacy CASAs provide to children and the courts translates into: 1) substantial public savings; 2) millions of valuable hours of volunteer service; 3) quality representation for children; and, most importantly, 4) better services for children.

1. Public Savings

An independent research firm studying a Florida statewide pilot Program over three years concluded "that a volunteer model is likely to be the most feasible, least expensive, and most effective means of providing guardian ad litem services to Florida's abused and neglected children."[19] The impact of recommendations made by volunteer guardians ad litem, based largely upontheir thorough investigation of placement options, meant less intrusive service for children and dollar savings for the state. For example, "in 45% of 623 cases researched, volunteers recommended placements in less expensive, alternative care settings while awaiting court disposition. This resulted in a decrease in state-supported foster care costs between $200,000 and $300,000 in 1980."[20]

In Harris County (Houston, Texas) children in foster care who have CASA volunteers stay in foster care an average of 7 months less than those without volunteers. This produces an annual savings of $2,394 per child based on an annual rate of $4,100. In 1988, this meant the Houston program saved $287,280 in foster care costs alone.

In all 47 states where CASA programs are established, volunteers can provide effective advocacy for children at substantial savings. Programs in Ohio may have saved the state $3,400,000 in 1989 based on what volunteers cost vs. paid attorneys. The estimate for state savings to Arizona run as high as $1,995,000 for 1989.

2. Volunteer Service

In a management study conducted by the National CASA Association with funding from the Department of Health and Human Services, it was foun that volunteers spend an average of 57 hours per case. Some crude figuring based on our estimate of 67,000 children served yields over 3,819,000 volunteers hours of service to children. If these volunteers had been paid a minimum wage ($4.25), that translates into $16,230,750; if paid at a $100 per hour rate (a common price for legal service) that's $381,900,000 worth of advocacy for children.

3. Best Representation

An increase in the quality of representation for children through the use of trained advocates was demonstrated in a study performed by Donald N. Duquette and Sarah H. Ramsey in the Genesee County (Michigan) Juvenile Court in 1981 and 1982. Their study compared the effectiveness of representation between a control group of attorneys with no special training and a demonstration group of attorneys, law students and volunteers who received special training. The demonstration group outscored the control group in all categories. For example, it was found that for the demonstration group:

- The court process moved faster (mean of 34.9 days vs. 60.6 days for the control group);
- the cases were resolved with fewer hearings (2.6 vs. 3.1);
- more cases were diverted from the court process by being resolved in the preliminary hearings (27.3% vs. 14.3%);
- the cases had fewer dispositional hearings (35% vs. 60%) and produced fewer wards of the court (39% vs. 62%).

The authors attribute this outcome to "more careful assessment, screening and diversion of cases by the demonstration groups and perhaps to more watchful advocacy on behalf of a child once made a ward of the Court." Duquette and Ramsey conclude from this data that the demonstration model was clearly successful in improving the quality of representation of the child's best interests and, consequently, in creating better legal outcomes.[21]

4. Better Service to Children

The true bottom line is the impact of CASA volunteer efforts on the children served. Several case examples lend meaning and poignancy to the numbers and statistics quoted.

- One of the first cases in which a Seattle CASA was assigned involved a youth who had been a dependent of the state for nine years. The young man had come to be regarded as "retarded", was heavily medicated, and would probably have ended up as a throwaway child if it were not for his CASA. Through diligent efforts, the CASA was able to get the right systems working for this youth, and the young man is today regarded as a "miracle". He is at a top level in an adult group home, moving towards joining Job Corps, and eventually living semi-independently.

- An 18-month-old girl came to the hospital with a serious infection in her eye. The doctors examined her and found a tumor that needed to be removed immediately.

  Her parents, originally from El Salvador, did not speak English. The doctors brought in an interpreter to explain the procedure. The parents became very upset and refused to allow the surgery. The hospital contacted Child Protective Services, who determined that this was a case of medical neglect. The court ordered the surgical procedure to be performed.

When the girl was ready to leave the hospital, the caseworker determined she shouldn't return home to her parents. She felt there was still danger of medical neglect.

Meanwhile, a CASA volunteer had been assigned to the case. She visited the parents and was able to communicate with them in Spanish. She discovered that the parents did not understand the seriousness of their daughter's disease and refused the operation only because they wanted a second opinion.

The CASA volunteer recommended in court that the little girl be returned to her parents, who were very loving people who would take care of their daughter.

The little girl went home with her mother and father. Her condition improved, and her parents showed great care and concern for her medical needs.

If a CASA volunteer had not been on this case, the little girl probably would have been sent to live in foster care.

There are even more dramatic examples, far too detailed for this discussion. Such examples are documented daily by CASA programs -- cases resulting in family reunification, successful adoptions, implementation of specially needed services, and finding safe, stable living environments.

THE NATIONAL CASA ASSOCIATION'S ROLE

Because Court Appointed Special Advocates are a relatively new concept, and because implementation of P.L. 93-247 has necessitated rapid expansion of CASA programs at least one-third of the programs nationwide are less than three years old at any given time. For this reason, training and technical assistance are a major focus area of the National CASA Association.

This January, with support from the Clark Foundation, the Association presented a comprehensive training curriculum for volunteers at a week-long training institute in Seattle to representatives from each of the states with CASA programs. The training curriculum has since been published and distributed to the state representatives. Additional funding will enable the Association to distribute curriculum materials to local CASA programs and affiliate organizations. The Association has also:

- Provided assistance in starting new programs and technical assistance to 440 programs and individuals in 1989. Sponsored a meeting of 26 state directors to help support and develop state organizations.
- Trained program managers in such areas as communication skills and family preservation. In 1989, 150 program directors received training through the three Regional Management Training Seminars

- Sponsored its eighth National Conference attracting program directors, volunteers, judges and other child advocates from around the country. More than five hundred people attended and sixty-three sessions were offered by a faculty of experts in their fields.

Growth, promotion and development of CASA programs nationwide is another focus area of the National Association. The Association has:

- Provided start-up grants for new programs. In 1988, the Association received a $150,000 grant from the Edna McConnell Clark Foundation and $20,000 from the Hasbro Children's Foundation to be passed entirely to developing programs. Support from the Office of Juvenile Justice and Delinquency Prevention has also been instrumental in the establishment and expansion of CASA programs. $50,000 of Juvenile Justice funding will be used for this purpose in 1990.

- Published a quarterly newsletter, The Connection which keeps the network informed regarding new innovations, laws affecting programs and issues of concern to volunteers -- and published Feedback which provides timely information alerts to our local programs on topics such as funding opportunities.

- Established a clearinghouse including prize-winning materials from CASA programs, sample legislation, and other resources needed by the network. Began expansion and computerization of a Resource Library for member programs.

- Promoted the CASA concept by providing speakers and faculty for national and statewide conferences, and by encouraging articles and programs in national media (Parade Magazine, Christian Science Monitor, Monitor Radio, USA Today) to spread the word about how CASA volunteers are helping abused and neglected children.

- Developed specialized publications -- a comprehensive volunteer training curriculum and a new manual on program development.

The National Court Appointed Special Advocate Association was founded in 1982 to promote the growth of CASA programs and to provide a mechanism for the exchange of resources and information. Supported by the Edna McConnell Clark Foundation and the National Council of Juvenile and Family Court Judges, the Association hosted its first national conference in 1981. In 1984 the Association filed for incorporation as a nonprofit membership organization. Through the NCJFCJ assistance was received from the Child Development Foundation, IBM and the U.S. Department of Justice's Office of Juvenile Justice and Delinquency Prevention (OJJDP).

1985 was an eventful year, as the Association received the President's Volunteer Action Award, a Coordinated Discretionary Grant from the Department of Health and Human Services for a management survey, and negotiated a three year cooperative agreement with the Office of Juvenile Justice and Delinquency Prevention to provide technical assistance and training to the growing network of programs.

To meet the ever-increasing need for program development and expansion, the National Association has made a concerted effort in the last several years to seek private sources of funding to supplement our public support. Extensive research and screening of corporate guidelines to match our funding needs revealed approximately twenty potential private funders. Responding to inquiry letters or full proposals, twelve of these stated they prefer to limit their support to the local level, or were offering support in new directions, such as teen-age pregnancy. Two had expressed interest in funding start-up programs, but they later declined. From these efforts, the Association has been successful in obtaining funding from the Edna McConnell Clark Foundation, the Hasbro Children's Foundation, and the American Legion Child Welfare Foundation. The Association shall continue to actively develop additional private funding for program support.

In addition to its ongoing support, the Edna McConnell Clark Foundation awarded funds in 1987 to allow the Association to provide start-up grants to 30 new CASA programs. Kiwanis International selected CASA as one of its major emphasis programs for 1987 and has continued its support by designating CASA as an ongoing Youth Services Program.

The Kappa Alpha Theta International Fraternity selected National CASA as its new national philanthropy in 1989. The fraternity has pledged funds to support the work of the national association, and has encouraged its 300 chapters to offer volunteer and funding support to CASA programs on the local level.

In last year's appropriation to the Department of Justice, Office of Justice Programs, for fiscal year 1990, Congress included specific language recommending that "not less than $650,000" be directed "for the Court-Appointed Special Advocate (CASA) program..to support the training and development needs of CASA programs throughout the country." Just last month the Association was awarded this amount of funding from the OJJDP.

FUTURE NEEDS

There are still more than 2,500 jurisdictions in the country with no CASA program and approximately 238,000 children in need of a volunteer.

This is a conservative figure. A national report prepared last year by the House Select Committee on Children, Youth and Families states that there are nearly half a million children in out of home placement today. The report, titled No Place to Call Home: Discarded Children in America, estimates this figure will soar another 73% in the next five years --- 840,000 children in out of home placements by 1995.[22] Prevention and early intervention are far less costly, more effective and preferable to removing the child from his family, the report notes, yet lack of adequate federal funding has handicapped such services.

We must not allow the family to deteriorate any further. CASA volunteers are a valuable national resource to curtail this dreadful trend of removing children from their homes only to let them drift through outside placements for years on end.

The Board of Directors of the National Association has established an ambitious goal -- to assure that a CASA be appointed for every child who needs one by the year 2000. We need then to establish at least 250 new programs a year and serve an additional 23,000 children each year for the next 10 years! To accomplish this goal, the Association has established three basic objectives:

- To promote the development of new programs
- To support existing programs
- To enhance our clearinghouse and distribution of information

Since our initial receipt of funding from the Office of Juvenile Justice and Delinquency Prevention, the number of CASA programs has more than quadrupled from 88 in 1984 to 393 in 1990. Our network has continued to grow at a rate of four new programs per month. Yet, the level of funding to support those programs has practically remained constant. Program staff and resources have been stretched to the maximum limit. Without increased funding it will be impossible to provide the same level of services to our ever expanding number of programs.

In light of CASA's tremendous growth since the establishment of a national association; our demonstrated success in assisting judges to understand the hidden and painful secrets of the abused or neglected child; and in recognition of our potential to achieve even greater savings for the American public, we respectfully request an increase in funds for a total recommendation of $1.5 million for each fiscal year authorized. We further request the Subcommittee give consideration to a specific line item recommendation of $1.5 million to National CASA Association within the Juvenile Justice and Delinquency Prevention budget authorization so as to assure continued service to existing programs and to advance program development of the CASA concept around the nation.

FOOTNOTES

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19. MGT of America, Inc. *An Evaluation of the Florida Guardian Ad Litem Program*, Tallahassee: Office of the State Courts Administrator, 1983.

20. *Ibid*.

21. Duquette, D., J.D. "Improving Representation of Children in Abuse and Neglect Cases Through the Use of Non-Lawyer Advocates", (unpublished paper presented to the Fourth Annual National CASA Conference), Seattle, WA: 1985.

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NATIONAL CASA ASSOCIATION - CALENDAR YEAR 1990 BUDGET

OBJECTIVE	COST AND FUNDING SOURCE							
	OJJDP	Membership	Clark CFI	Kappa A. Theta	Clark E.A.	CSR, Inc.	Clark Training	Total
Growth	$133,730		$ 7,500	$33,500	$45,000			$219,730
Program Development Information & Referral Promote enabling legislation								
Technical Assistance/ Resource & Information Clearinghouse	$ 21,620					$ 6,800		$ 28,420
Resource Library Program Monitoring Expand Clearinghouse & resource materials Consulting								
Training	$225,645	$ 5,000			$ 3,450		$104,795	$338,890
National Conference Regional training Expand interdisciplinary training								
Education and Public Awareness	$ 83,205	$ 10,000	$ 16,017	$ 30,275				$139,497
National speakers bureau Volunteer information & referral Minority recruitment National public awareness campaign Newsletter & promotional materials Media outreach Public relations								
Governance and Overhead	$185,800	$ 25,000	$22,513	$ 5,041	$ 5,300		$ 8,765	$252,419
Staffing Office rental Equipment and suplies Board of Directors and Executive Committee - travel and subsistence								
TOTAL BUDGETED	$650,000	$ 40,000	$ 46,030	$ 68,816	$ 53,750	$ 6,800	$113,560	$978,956

NATIONAL CASA ASSOCIATION - CALENDAR YEAR 1991 budget

COST AND FUNDING SOURCE

OBJECTIVE	OJJDP	Membership	Clark CFI	Kappa A. Theta	Clark E.A.	New Sources	Total
Growth							$802,500
Continue prior year's activities	$150,000		$ 7,500		$45,000		
Start up grants to increase number of CASA programs (25 new programs/ $10,000 ea.)	$250,000						
Development grants to state organizations to increase size of current programs (15 states/$10,000 ea.)	$150,000						
Expansion grants to major metropolitan cities (10 cities/ $20,000 ea.)	$200,000						
Technical Assistance/ Resource & Information Clearinghouse							$130,000
Continue prior year's activities	$ 25,000						
National database, research and evaluation	$ 50,000					$ 55,000	
Training							$407,950
Continue prior year's activities	$240,000	$ 5,000			$12,950		
Annual Training Institute for CASA Program Directors	$ 75,000						
Dissemination of National vol. training curriculum	$ 45,000					$ 30,000	
Education and Public Awareness							$233,878
Continue prior year's activities	$ 90,000	$ 12,000	$ 16,378	$ 65,500		$ 50,000	
Governance and Overhead							$302,028
Continue prior year's activities	$225,000	$ 25,000	$ 23,878	$ 2,850	$ 5,300	$20,000	
TOTAL BUDGETED	$1,500,000	$ 42,000	$ 47,756	$ 68,350	$ 63,250	$155,000	$1,876,356

Summary of Revenue Sources

National CASA Association receives income primarily through grants from public and private funders and fees generated through participating in the national conference and the regional training seminars. In addition, other revenue is realized through unsolicited donations, interest income, sales and consulting contracts. A brief explanation of the various funding sources is as follows:

OJJDP:
The Office of Juvenile Justice and Delinquency Prevention renewed a one-year cooperative agreement in 1990 with the National CASA Association with funding in the amount of $650,000.

Membership:
Anticipated revenue for 1990 is $40,000 and for 1991 is $42,000

Clark CFI:
The Edna McConnell Clark Foundation awarded a two-year (1990 and 1991) "Call for Implementation" grant in the amount of $95,000.

Kappa Alpha Theta:
National CASA was awarded a two-year grant from Kappa Alpha Theta in July, 1989. Funds to be expended 1990 through July, 1991 total $87,166.

Clark E.A.:
The Edna McConnell Clark Foundation awarded a two-year (1990 and 1991) "Early Assignment" Grant in the amount of $117,000.

CSR, Inc.:
Contracting fees from CSR, Inc. for information and materials provided by the Association to assist with 50-state survey on implementation of GAL requirement.

Clark Training:
The Edna McConnell Clark Foundation awarded a two-year (1989 and 1990) "Training and Curriculum" Grant in the amount of $140,235. Funds to be expended in 1990 total $113,560.

New Sources:
This column represents new funders which will be sought to support National CASA Association projects identified in its Strategic Action Plan.

CITIES SEEKING START-UP FUNDS TO DEVELOP PROGRAM

Tallahassee, FL
Pocatello, ID
Emmett, ID
Huntsville, AL
Carlsbad, NM
Lansing, MI
Hobbs, NM
Virginia Beach, VA
Owingsville, KY
Kerrville, TX
Terra Alta, WV
Hugo, OK
West Branch, MI
Grand Junction, CO
Hugo, OK
Fayetteville, NY
Springfield, MA
Sacramento, CA
Muskogee, OK
Woodward, OK
Chickasha, OK
Sallisaw, OK
Milwaukee, WI
Tallahassee, FL
Atlanta, GA
Minden, NV
Hayes, KS
Santa Fe, NM
San Francisco, CA
Mechanicsville, MD
Newport, OR
Sheridan, WY
Folcroft, PA
Marion, IN
Montgomery, AL
Williamstown, KY
Marietta, GA
Livingston Manor, NY
Minder, NV
Fort Wayne, IN
Santa Barbara, CA
Junction City, KS
Rapid City, SD
Longmeadow, MA
Springfield, MO
Richland, WA

TOTAL: 46

3/23/90

NEW PROGRAMS IN NEED OF START-UP FUNDS

Child Protect, Inc.
Montgomery, AL

CASA of Riverside County
Riverside, CA

CASA Siskiyou
Yreka, CA

CASA of Washington, DC
Washington, DC

Children's Voices
Caldwell, ID

CASA of Adams County
Quincy, IL

Davenport CASA
Davenport, IA

Children Worth Saving
Ashland, KS

Spirit of the Plains CASA, Inc.
Garden City, KS

CASA/A Voice for Children, Inc.
Newton, KS

Volunteer Services -- CASA
Marrero, LA

CASA of Ann Arundel County
Annapolis, MD

Exchange Club Parent/Child Center
Hagerstown, MD

Albany CASA Program
Albany, NY

Sullivan County CASA
Livingston Manor, NY

Consortium for Children's Services
Syracuse, NY

CASA
White Plains, NY

ProKids
Elyria, OH

Huron County GAL Program
Norwalk, OH

Deschutes County Children and Youth Services Commission
Bend, OR

CASA/Juvenile Victim Witness Advocate
Medford, OR

Douglas County Children & Youth Services
Roseburg, OR

Youth Advocates, Inc.
Springfield, PA

Val Verde County CASA
Del Rio, TX

Permian Basin CAPP
Midland, TX

CASA of Smith County
Tyler, TX

Amherst County Youth Services
Amherst, VA

Lynchburg Youth Services, Inc.
Lynchburg, VA

Williamsburg/James City County CASA
Williamsburg, VA

Colville CASA
Colville, WA

The Olympia YWCA
Olympia, WA

Foster Care Review Board
Milwaukee, WI

TOTAL: 32

3/23/90

CASA State Organizations

Alaska

Alaska CASA Program
Office of Public Advocacy
900 W 5th Ave, Suite 525
Anchorage, AK 99501
(907) 274-1684
Pamela Montgomery, CASA Program Director

Arizona

CASA Program / Arizona Supreme Court
Administrative Office of the Courts
1314 N 3rd St, Suite 200
Phoenix, AZ 85004
(602) 253-5700
Jan Lindsey, State Program Director

California

California CASA Association
116 New Montgomery St, Suite 224
San Francisco, CA 94105
(415) 546-7365
Susan Carter, Executive Director

Colorado

CASA Network of Colorado
c/o CASA, Inc.
P.O. Box 2066
Ft Collins, CO 80522
(303) 221-7904
Linda Cutshall, President

Connecticut

Children in Placement — Connecticut, Inc.
Superior Court — Juvenile Matters
920 Broad St
Hartford, CT 06106
(203) 566-8270
Wendy Haller, Director

Delaware

CASA Program / Family Court of Delaware
P.O. Box 2359
900 King St
Wilmington, DE 19899
(302) 571-2245
Lynn Shreve, State Coordinator

Florida

State Guardian Ad Litem Program
Office of the State Courts Administrator
Supreme Court Bldg
Tallahassee, FL 32399-1900
(904) 487-0747
Jane Schaeffer, State Program Director
Patricia Glass, Assistant Program Director

Georgia

Georgia CASA
One Park Place Atlanta
1900 Emery St NW, Suite 308
Atlanta, GA 30318
(404) 355-CASA
Kathie Gannon, Co-Director
Nicki Vaughn, Co-Director

Hawaii

Volunteer Guardian Ad Litem Program
Judiciary, State of Hawaii
P.O. Box 2560
Honolulu, HI 96804
(808) 548-2137
Rodney Hee, Program Manager

Illinois

CASA - Illinois Network
150 S Ashland, Room 202
La Grange, IL 60525
(312) 579-0179
Sue Hub, Director

Indiana

Office of GAL/CASA
I.S.T.A. Bldg, Suite 803
150 W Market St
Indianapolis, IN 46204
(317) 232-7759
Jon M. Long, Director

Indiana Advocates for Children
Indiana GAL/CASA Association, Inc.
404 W 92nd St
Indianapolis, IN 46260
(317) 844-7769
Becky Pryor, Director

Iowa

Iowa CASA Program
Office of State Court Administrator
State Capitol Bldg
Des Moines, IA 50319
(515) 281-6254
Teresa Hindley, Executive Director

Kansas

Kansas CASA Directors Association / Permanency Planning Project
Johnson County CASA Project
P.O. Box 31
Olathe, KS 66061
(913) 782-7252
Leigh Klein, Chair

Kentucky

Kentucky CASA Association
116 Tanglewood Trail
Louisville, KY 40223
(502) 423-0014
Quinn Bursack, President

Maine

Maine CASA Program
Administrative Office of the Courts
70 Center St
P.O. Box 4820 D.T.S.
Portland, ME 04112
(207) 879-4700
Mary-Gay Kennedy, Director

Michigan

Children's Charter of the Courts of Michigan, Inc.
115 W Allegan, Suite 500
Lansing, MI 48933
(517) 482-7533
Sherrie Ross, Project Manager

Minnesota

Minnesota Association of Guardian Ad Litems, Inc.
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Sandy Ottmar, President

(Note: CASA Programs have organized in a variety of different ways at the state level. This listing includes state-funded, state-operated programs; state associations; and state networks. A state CASA organization promotes the growth and development of CASA in that state.)

Mr. SMITH. Yes, we will put that in the record.

Did you have a short statement you wanted to make, Dr. Foster?

Dr. FOSTER. I will try to make it short. You have the entire statement there, and a lot of the facts have not changed since I spoke with you a couple of years ago.

Let me just say quickly that this process started in 1981, when the National Institute of Corrections made the decision to put all their training programs together. At that time they put everything in Boulder, Colorado, the idea being that they would leave it there 3 years and then do a national search for a permanent home. That process started in 1984 and culminated in 1988, after a very long and very rigorous process of a site selection committee that was appointed by a national panel, and then coming to the University of Louisville after a competition with 74 other cities.

I think the thing that is important here for me to say—the Congressman has already said a lot of what I entered for the record in my statement—is that the cost, as Congressman Rogers was asking here, the last time we talked about this it was going to cost $10 million to build this building. That was 2 years ago. With inflation, now it probably is going to cost around $11 or $12 million to do that. That would include the classrooms, offices, auditorium, library.

One suggestion that I would have, because of the budget constraints, is the possibility, since it is going to take a year and a half or two years to build it, one option might be to fund it out of two fiscal years' money, if that would help.

[The statement of Dr. Foster follows:]

TESTIMONY

DR. J. PRICE FOSTER
DEAN, COLLEGE OF URBAN AND PUBLIC AFFAIRS
UNIVERSITY OF LOUISVILLE

BEFORE THE
SUBCOMMITTEE ON COMMERCE-JUSTICE-STATE AND THE JUDICIARY
HOUSE COMMITTEE ON APPROPRIATIONS
CONCERNING THE NATIONAL ACADEMY OF CORRECTIONS

MARCH 28, 1990

MARCH 28, 1990
TESTIMONY

Good Afternoon.

Thank you for the opportunity to be here and comment regarding the relocation of the National Academy of Corrections and other offices of the National Institute of Corrections from Boulder, Colorado, to a permanent site on Shelby Campus at the University of Louisville in Louisville, Kentucky.

Congressman Mazzoli has already provided you with some of the background information related to this effort. So, I will take just a minute to summarize the process that resulted in the selection of the University of Louisville for this important effort.

From 1974 to 1981, NIC discharged its responsibility to train state and local corrections personnel through grants and contracts to various organizations and universities. Early in 1981 the Advisory Board of the NIC concluded that the training functions should be centralized to better utilize available funds and have a greater impact on the corrections field.

In June 1981, Boulder Colorado was elected as a temporary site for the training center because the NIC Jails Division was located there and was already providing specialized training for sheriffs and jail administrators at a facility owned by the University of Colorado. In centralizing NIC training in Boulder, the Advisory

Board directed that a permanent site for the NIC Academy, Jails Division, and Information Center be identified within 3 years.

The Academy currently provides training for approximately 2,500 corrections managers and executives a year in rented space in Longmont and Boulder, Colorado. The NIC Jails Divisions coordinates the Institute's work with state and local jail systems throughout the United States, providing technical assistance and training and supporting local efforts to improve jail administration and operation. The NIC Information Center operates a national clearinghouse on corrections, responding to approximately 10,000 requests for information each year.

In December 1984, a nationwide search for a permanent site for the three operations was formally announced. The process was conducted by a special site selection committee chosen by the Advisory Committee which serves as a policy board for the National Institute of Corrections. Lists of the membership of both the Advisory Committee and the Site Selection Committee are being submitted to you for the record. This site search was a rigorous three-phase process that culminated in March 1988 with the selection of the University of Louisville. This recommendation of the Site Selection Committee was approved by the Advisory Committee at its regular meeting, held in Louisville, Kentucky, on June 22, 1988. Quoting from the minutes of that meeting: "The Board authorizes the Director (of the National Institute of

Corrections) to proceed with the request for appropriations to establish the National Academy of Corrections at the University of Louisville Shelby Campus. The project should be initially scaled at a 100-bed capacity with possible expansion to a 150-bed facility . . " The Director was further instructed "to secure a tentative agreement from the University of Louisville which might be presented to the appropriate Federal agencies. The relevant operational costs to operate the Academy at a 100-bed capacity should be submitted as part of the budget request."

The University was selected from among 74 proposals which were ranked against the same 12 objective evaluative criteria, including:

- Transportation availability and costs
- Annual operating costs
- Construction/renovation costs
- Inducements offered by the communities
- Quality of the proposed site
- Education, training, and correctional resources
- Community resources
- Ground transportation system
- Labor costs and resources
- Support services
- Community preparedness
- Responsiveness to the established criteria.

I must say, as a former federal administrator working in the Department of Justice, that I was impressed with the objectivity and concern for fairness that characterized this entire site selection effort. I can honestly say, regardless of the result, I have gone on record in support of the way in which this was handled from the very beginning.

A conservative estimate of the cost of this selection process over a five-year period is in the range of $150,000 to $200,000 from the National Institute of Corrections and $20,000 to $50,000 in proposal development costs for the University of Louisville.

I understand the selection has been endorsed by the Department of Justice and the United States Congress recognized the work of the Site Selection Committee, with the help and support of your distinguished subcommittee by including language in the 1990 Appropriations Bill Conference Report.

The cost for establishing the NIC operations in Louisville may be summarized as follows:

Construction	$12 million to construct a 100-bed facility with classrooms, offices, an auditorium and a library. Construction time is estimated to take 18 months. Therefore, an option might be to appropriate the funding over two fiscal years.

Increased Operating Costs	A one-time increase of approximately $1.3 million to purchase furnishings and audio visual equipment for the new facility. The National Institute of Corrections currently has a commitment of $1,242,263 for operational costs in Boulder.
Enhanced Training Programs	$1.8 million annually to increase offerings of ongoing training programs at the permanent location and operate the facility. NIC has a current annual investment of $2,064,333 in training.

In addition to the ongoing critical need to continue the training programs of the NAC is the well-documented need to establish a capability for drug training programs. As you know, construction of a facility and training programs were authorized under the Omnibus Drug Bill passed by Congress in October 1988. It is proposed that $4 million be appropriated for this purpose as a part of the NAC training effort. This amount would be broken down into $1,164,834 for operational costs and $2,820,766 for training costs.

The University of Louisville, principally through its College of Urban and Public Affairs, is uniquely suited to serve as the permanent location of the NIC National Academy of Corrections, Jails Division, and Information Center.

The College houses a series of programs that provide opportunities for excellent linkages between the University and the National Institute of Corrections. For example:

- A tradition of high-quality training and executive development programs through the Southern Police Institute and the National Crime Prevention Institute.

- A tradition of excellence in research and teaching in the field of criminal justice. One of the inducements we offer is the opportunity for NIC staff to work with the faculty and staff of the College of Urban and Public Affairs and the School of Justice Administration. The justice-related programs located at the University of Louisville are among the best, most respected instructional, research, and service programs in the United States.

- The University is also willing to consider granting college credit for selected NIC courses. The University currently grants undergraduate and graduate credit for intensive courses offered by the Southern Police Institute and the National Crime Prevention Institute, subcomponents of the School of Justice Administration.

- An opportunity to take advantage of the multidisciplinary nature of the field of corrections through collaboration with faculty from the nationally recognized Kent School of Social Work. As you perhaps know, the corrections field draws heavily from the field of social work for treatment positions. We are fortunate to have the Kent School of Social Work and the School of Justice Administration in the College of Urban and Public Affairs.

- In addition to academic programs, the college houses the Urban Studies Center. This research center focuses on applied policy research in a variety of public policy areas, including crime-related topics. We are eager to use the research and evaluation services of this center to collaborate with the National Institute of Corrections.

In addition to these linkages, we have offered to assist in finding housing for NIC staff, provide special university privileges for NIC staff and students, and initiate a faculty exchange program that would allow NIC staff to teach selected university courses and university faculty to teach NIC courses.

Certainly, the strength of our academic program is responsive to the long-term interest in locating the NAC in a university environment. This relationship will go far in realizing the most effective use of resources and improving the status of correctional training.

Of course, we are extremely proud of the quality of life in Louisville. Our community has been listed as one of the top ten most livable cities in America. This was recognized by the Site Selection Committee. It was most gratifying to me personally that the entire community worked together with considerable enthusiasm to offer inducements to the National Institute of Corrections. Some of these include:

- A number of accredited correctional facilities with advanced operations can be used as student laboratories. Located within 30 to 45 minutes driving distance of the university, these facilities can be used as NIC training sites. Of particular importance is a recently approved regional jail that can provide unique training experience regarding collaboration between the state and multiple counties.

- Personal commitments have been made by the Chief Executive Officers of 12 of our major corporations to develop a program to identify suitable job opportunities for the spouses of relocating NIC employees.

- Two of our top-quality hotels in the immediate area of the new facility have agreed to provide temporary housing at greatly reduced rates. In addition, several local developers who own major apartment complexes in the area have indicated they will make such facilities available on a short-term or temporary basis.

- Our financial institutions have offered both floating and fixed rate mortgage financing at below-market rates. In addition, a specialist will be assigned to NIC to execute mortgage loans on a maximum turnaround of two weeks.

- A specialist from the superintendent of schools personal staff will be assigned to work with relocated NIC staff and their families to facilitate a non-traumatic move. This specialist will also provide counsel for any special and/or gifted educational needs.

Certainly, we are most eager to work with the Federal Government to plan and implement a meaningful response to the problem of crime -- particularly as related to training state and local correctional personnel for more effective management and to respond to the drug problems in our country.

In addition, we are eager to apply our research resources to these pressing problems.

CHRONOLOGY OF EVENTS IN NIC SITE SELECTION PROJECT

February 8, 1981	NIC Advisory Board considers centralizing NIC training at one national training center. Passes motion to develop specific plan to establish a center.
May 24, 1981	Chief Justice Warren Burger calls for a single, central facility to train corrections personnel in an address at George Washington University Law School.
June 12, 1981	NIC Advisory Board passes motion to centralize NIC training at an academy to be temporarily located in Boulder, Colorado. The Board requests that a permanent site be identified within three years.
July 31, 1981	Attorney General William French Smith visits Boulder, Colorado, and announces the establishment of the National Academy of Corrections.
October 1, 1981	All NIC training is centralized in Boulder, Colorado, at the new National Academy of Corrections.
November 1983	Site Selection Planning Project is started with an NIC staff member as project manager. The project is designed to relocate all three NIC Boulder offices.
July 1984	NIC contracts with a project location specialist to assist in developing site selection criteria. Contractor develops a three-phased process.
December 1984 to January 31, 1985	Phase I of the Site Selection Process o National search for a site announced o 128 individuals from 39 states respond
5/23/85 - 7/26/85	Phase II of the Site Selection Process
5/23/85	o Instruction packet and site criteria for submitting Phase II concept papers sent to 128 applicants.
7/26/85	o 74 proposals from 33 states received

CHRONOLOGY OF EVENTS IN NIC SITE SELECTION PROJECT
(continued)

8/85 - 12/85	Proposals reviewed by a 6-person committee; 10 localities in 6 metropolitan areas selected for further study.
1/10/86	74 applicants notified of results of screening.
January 18, 1986	OMB issues administrative policy precluding travel and per diem funds for state and local trainees, to become effective October 1, 1986.
January 30, 1986	Site selection activities postponed due to uncertainty regarding travel and per diem policy.
January 1987	OMB policy regarding travel and per diem rescinded.
April 10, 1987	NIC ascertains that 6 proposals still good but need updating.
June 1987	Each site submits updated information to its original proposal.
8/6/87 - 8/14/87	Site visits made to six areas by 5-person committee.
September 17, 1987	Site selection committee convenes in Washington, D. C. to review locations and discuss strategies for ranking. Committee decides to invite all 6 finalists to submit Phase III site-specific proposals.
12/6/87 - 1/13/88	Phase III of Site Selection Project
December 6, 1987	o Formal announcements sent to 6 jurisdictions inviting them to submit site-specific Phase III proposals.
January 13, 1988	o Phase III proposals received from all 6 jurisdictions.
January 20, 1988	Site committee meets in Washington, D. C. to review and rank Phase III proposals. Selects three sites to submit best and final offers.

CHRONOLOGY OF EVENTS IN NIC SITE SELECTION PROJECT
(continued)

January 26, 1988	Committee sends set of questions to each site.
February 15, 1988	NIC receives answers to questions from each of three sites. Material is disseminated to search committee members.
February 1988	Committee members review and rank responses in teleconferencing. All sites offering comparable sites and locations, cost factors and inducements weigh heavily. Committee members unanimously concur, with one dissention, that the University of Louisville Shelby campus is the best location for the NIC Boulder offices.
March 28, 1988	Project Location Specialist Mike Mullis presents committee recommendation to the full NIC Advisory Board at a meeting in Arlington, VA. Board approves site and schedules next meeting in Louisville.
August 12, 1988	DOJ Resources Board approves a FY 1990 NIC budget increase request of $9.4 million for construction of the facility, and one position and one workyear to manage the construction project. Also, $1.8 million annually beginning in FY 1992 for operating the facility and increasing class offerings, and a one-time increase of $1.3 million in FY 1992 to furnish the facility and purchase audio visual equipment.
November 22, 1988	OMB denies NIC budget increase
November 25, 1988	NIC appeals decision. OMB upholds decision.
September 21, 1989	NIC discontinues project due to budget constraints.
November 21, 1989	President signs into law the Appropriations bill with the accompanying conference report of the Commerce, Justice, and State Committee which states that the Department of Justice should move forward with their plans to consolidate and relocate the academy in accordance with the decision of the Site Selection Committee.

BACKGROUND INFORMATION RELATING TO THE SITE SELECTION PROCESS FOR THE PERMANENT LOCATION OF THE NATIONAL ACADEMY OF CORRECTIONS, THE JAILS DIVISION AND THE INFORMATION CENTER OF THE NATIONAL INSTITUTE OF CORRECTIONS

BACKGROUND

From 1974 to 1981, the National Institute of Corrections' training function was carried out by various organizations and universities that conducted training programs throughout the country through grants from the Institute. In February 1981, the Advisory Board of the Institute passed a motion to centralize all training conducted by the Institute and directed that NIC staff develop a specific plan for establishing a single training center.

Facilities in Denver and Boulder, Colorado, and the Washington, D.C. area were studied and comprehensive information on the sites was presented to the Advisory Board. In June 1981, the Advisory Board elected to establish the training center in Boulder on a temporary basis, requesting that a permanent site be identified within three years. A significant advantage to the Boulder location was that in-resident training programs were already being conducted at the University of Colorado's College Inn Conference Center by the NIC Jails Division, which was located in Boulder. This established relationship with the University could facilitate early start up of the training center. Additionally, it was felt that the NIC Information Center, also located in Boulder, could serve as a valuable resource to the academy and its trainees.

The spring and summer of 1981 saw broad support for a centralized corrections training academy. In a commencement address at the George Washington University Law School, then Chief Justice Warren Burger called for a single, central facility to train corrections personnel. In July 1981, Attorney General William French Smith visited the NIC Boulder offices and announced that a national corrections training academy would be temporarily located in Boulder.

During this time, the Institute was reassigning staff to create a new training division and reprogramming existing funds to support an academy. On October 1, 1981, the National Academy of Corrections began operations in Boulder. Gradually, as existing training grants expired, most NIC training came to be located at and coordinated by the Academy.

The Advisory Board's request that a permanent site be found for the Academy (and logically the Institute's Jails Division and Information Center) was not overlooked. Preliminary work led to the creation in 1983 of a formal Site Selection Project, with an NIC staff member assigned to the task on a full-time basis. In 1984, the Institute contracted with a project location specialist based in Memphis, Tennessee, to assist in developing the site selection criteria. The consultant developed a three-phased process that would include 1) announcing the search for a site, 2) soliciting concept papers from interested localities, and 3) narrowing the field of applicants and receiving site-specific proposals.

PHASE I OF THE SITE SELECTION PROJECT

On December 3, 1984, the nationwide search for a permanent site for the Academy, Jails Division, and Information Center was formally announced. Notice was published in the Commerce Business Daily, the Federal Register, and numerous periodicals of interest to corrections and state and local governments.

The formal announcement gave broad requirements for the location, including proximity to a large or medium airport hub, approximate size of the desired site, and physical characteristics and capacities of the facility sought. Phase I of the project ended on January 31, 1985, with 128 jurisdictions in 40 states responding in writing to the announcement. (Appendix A contains a copy of the formal announcement and a list of the responding jurisdictions.)

PHASE II OF THE SITE SELECTION PROJECT

On May 3, 1985, the 128 respondents were sent a package delineating the requirements for submitting concept papers for further consideration. The instructions described the site and complex needs and again stressed the importance of readily accessing a large or medium airport. A questionnaire was included in the package that elicited detailed information, including that on demographics; the local economy, including the labor force; climate and environment; community and other resources; utilities and site information; housing costs; and the local educational system. Quality and cost effectiveness of the proposed locations were stressed. (A copy of the concept paper criteria is attached as Appendix B.)

Seventy-four communities in 33 states responded to the Phase II invitation to submit concept papers. Each submitted a large and thorough proposal that represented a significant investment of preparation time. Some of the communities offered significant incentives to the Institute; others undertook grass-roots lobbying efforts to win selection as the site.

Over a five-month period beginning July 26, 1985, the 74 proposals were evaluated individually by a six-person committee consisting of two Advisory Board members, the NIC director, the president of the Academy, the NIC Site Selection Project manager, and the project location specialist contractor. (These individuals and other key participants in the Site Selection Project are identified in Appendix C.) The criteria against which each proposal was evaluated included:

- Air transportation availability and costs
- Annual operating costs
- Construction/renovation costs
- Inducements offered by the communities
- Quality of the proposed site
- Education, training, and correctional resources
- Community resources
- Ground transportation system
- Labor costs and resources
- Support services
- Community preparedness
- Responsiveness to the established criteria.

Throughout the review process, an objective, non-biased approach was followed to assure fairness for all communities. All proposals were scored against the same objective criteria. Additionally, members of the review committee did not rate proposals from their home states.

On October 22 and 23, 1985, the evaluation committee met in Washington, D.C. to review their findings and screen the proposals down to a manageable number. From among the top 15 proposals, the committee in December 1985 selected ten localities in six metropolitan areas for further consideration. These locations included:

- Kansas City Metropolitan Area (Johnson and Wyandotte Counties, Kansas, and Platte County, Missouri).
- New Orleans Metropolitan Area (the City of New Orleans and Orleans Parish).
- State of Maryland (Baltimore and Anne Arundel Counties).
- Charlotte, North Carolina (the University of North Carolina at Charlotte).
- Louisville, Kentucky (the University of Louisville).
- Highland Heights, Kentucky (the University of Northern Kentucky).

All 74 jurisdictions that submitted Phase II concept papers were notified of the committee's decision on January 10, 1986.

Shortly thereafter, the Office of Management and Budget (OMB) issued an administrative policy that precluded the federal government from paying travel and per diem expenses associated with state and local practitioners attending federally sponsored training programs beginning October 1, 1986. This policy change led to the site selection project being officially suspended on January 30, 1986 due to the uncertainty of the impact on the Academy program. The policy was rescinded in January 1987.

In April 1987, the Institute contacted the six finalist sites and ascertained that their proposals were still valid, but needed some updating. Each site supplemented its original proposal with updated information in June 1987.

Site visits were made to the six finalist jurisdictions by a five-member committee during the period August 6 - 14, 1987. The team was comprised of two NIC Advisory Board members, the NIC director, the chief of the NIC Jails Division, and the project location specialist. At each location, the committee members were briefed by representatives of the applicant site and other interested officials, such as those from the local chamber of commerce, the state office of economic development, and the state corrections department. They toured each site proposed by the community.

The site selection committee convened in Washington, D.C. on September 17, 1987, to review the locations visited and discuss strategies for ranking. The committee members decided to invite all six finalists to submit Phase III site-specific proposals.

PHASE III OF THE SITE SELECTION PROJECT

A formal request for site-specific Phase III proposals was sent to each of the six sites on December 6, 1987. The request contained six forms, each eliciting detailed information in one area; the areas included 1) physical site, 2) physical complex, 3) correctional institution resources, 4) universities/colleges with criminal justice or related programs, 5) location inducements, and 6) proposed savings in operational costs. (A copy of the Phase III package is given as Appendix D.)

Proposals were received from each site on January 13, 1988, and the site selection committee met in Washington, D.C. on January 20, 1988 to review and rate them. The committee voted to invite three sites to submit a best and final offer: the University of North Carolina at Charlotte, the University of Louisville in Louisville, Kentucky, and the University of Northern Kentucky in Highland Heights, Kentucky. A set of specific questions was sent to each of the three sites on January 26, 1988, and responses were requested by February 15, 1988. (A copy of each letter is attached as Appendix E.)

Following review of the responses, the site selection committee discussed the proposals through teleconferencing and, with one dissention, unanimously selected the University of Louisville Shelby Campus as the best site for the NIC operations. All of the three proposals offered comparable accommodation, and the final decision was based largely on cost factors and inducements. (A summary of the responses from each site is attached as Appendix F.)

At the March 28, 1988 Advisory Board meeting in Arlington, Virginia, the project location specialist presented the committee's findings to the full Board. The Board approved the location, but discussion ensued regarding the full Board's understanding that all members of the Board would visit the site prior to final selection. The Board subsequently held its next meeting in Louisville, Kentucky, and representatives of the University provided informational briefings as well as a tour of the site.

On August 12, 1988, the Department of Justice Resources Board approved an NIC fiscal year 1990 budget increase of $9.4 million for construction of the facility in Louisville and one position and one workyear to manage the construction project. The Resources Board also approved a one-time increase of $1.3 million for FY 1992 to purchase furnishings and audio visual equipment and an increase of $1.8 million each year beginning in fiscal year 1992 for operating the facility and increasing Academy course offerings.

The OMB denied the budget increase on November 22, 1988. The Institute appealed the decision on November 25, 1988, and the OMB upheld its decision.

SITE SELECTION COMMITTEE

NATIONAL ACADEMY OF CORRECTIONS

SITE SELECTION COMMITTEE

Mr. Ray Brown: Director, National Institute of Corrections, United States Department of Justice, Washington, DC

Dr. Joe Palmer: President, National Academy of Corrections, National Institute of Corrections, U.S. Department of Justice, Boulder, Colorado.

Mr. Mike O'Toole: Chief, Jails Division, National Academy of Corrections, National Institute of Corrections, Boulder, Colorado. Mike is also replacing Aaron Brown as the Project Director for the Relocation Project.

Mike Mullis: President, J.M. Mullis, Inc. Site Consultant to the National Institute of Corrections, Memphis, Tennessee.

Dr. Steve Horne: President, California State of Long Beach. Dr. Horne is a member of the Advisory Committee for the National Institute of Corrections.

Mr. John Clark: Attorney, San Antonio, Texas. Mr. Clark is also a member of the Advisory Committee for the National Institute for Corrections.

NATIONAL INSTITUTE OF CORRECTIONS

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January 1990

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(202) 724-5933

Mr. **Smith**. What about renting a facility—have you looked at that?

Mr. **Foster**. That is a possibility. What we have is some land on the Shelby campus that is very, very valuable land, that is in the university environment, which is what the National Institute of Corrections has always wanted for their training facility.

Mr. **Smith**. Is there a decent building, or can't you lease a decent building across the street, or——

Mr. **Foster**. If we could get it started, that is a possibility. We have a campus there that we might be able to use for——

Mr. **Smith**. It seems like to me there might be some advantages to being just across the street, wouldn't there?

Mr. **Foster**. Well, it is in the same, it is all part of the same campus, yes. It is all part of the same complex. We now have our continuing education programs there. The University of Louisville wants this program very badly, as you can tell by the level of my enthusiasm and the community's. I think if you all could help us get the thing started, we would figure out a way to do it.

Mr. **Smith**. Yes. Mr. Rogers.

Mr. **Rogers**. Well, if we rented, what could we do it for?

Mr. **Foster**. I would have to get that back to you, sir.

Mr. **Rogers**. Could you get that for us?

Mr. **Mazzoli**. Sure.

Mr. **Rogers**. That might be a way to ease into this thing, and then get money later for construction.

Mr. **Foster**. Yes, sure. We really want this. We have worked on it and we want it badly.

Mr. **Rogers**. But the university is willing to provide the land free, I understand.

Mr. **Foster**. Yes, that is right.

Mr. **Rogers**. And I understand it is very valuable.

Mr. **Smith**. You might even get a lease back.

Mr. **Foster**. I'm sorry?

Mr. **Smith**. You might even get lease back financing.

Mr. **Foster**. The land was worth about $100,000 an acre 2 years ago, so it is more than that now, and it is 16.5 acres.

Mr. **Rogers**. Maybe Congressman Mazzoli can work with us on perhaps working out some alternative type of financing.

Mr. **Mazzoli**. Certainly. Thank you very much.

Mr. **Smith**. At this point we will include additional statements submitted for the record regarding Department of Justice programs.

[The information follows:]

LAW-RELATED EDUCATION National Training and Dissemination Program

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Participating Projects

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Special Committee on Youth
Education for Citizenship
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Pamela Robinson

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Vivian Monroe
Todd Clark

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James Giese

March 28, 1990

The Honorable Neal Smith
Chairman, Subcommittee on Commerce,
Justice, State, the Judiciary and
Related Agencies
Committee on Appropriations
United States House of Representatives
H-309, Capitol Building
Washington, D.C. 20515

Dear Chairman Smith:

I am Father T. Byron Collins, S.J., Special Assistant to the President of Georgetown University. I am submitting this testimony in support of the national coordinated Law-Related Education program ("LRE").

CONGRESSIONAL SUPPORT

Mr. Chairman, you and the Subcommittee have been most supportive of this vital delinquency prevention effort. Most recently, the Conference report to accompany the fiscal year 1990 State, Justice, Commerce appropriations legislation stated:

> The conference agreement includes . . . $2,900,000 for the coordinated, Law-Related Education (LRE) program.

Conf. Rpt. to accompany H.R. 2991, Rep. No. 101-299, 101st Cong., 1st Sess. 39 (1989).

In previous years, the Conference has also included express language in its reports directing funding for this vital program. S. Rep. No. 979, 100th Cong., 2nd Sess. 35 (1989); S. Rep. No. 182, 100th Cong., 1st Sess. 48 (1987); S. Rep. No. 425, 99th Cong.,

A cooperative program supported by the Office of Juvenile Justice and Delinquency Prevention of the U.S. Department of Justice

2d Sess. 45 (1986); S. Rep. No. 150, 99th Cong., 1st Sess. 42 (1985); and S. Rep. No. 206, 98th Cong., 1st Sess. 45 (1983).

The authorizing committees have also sought to maintain the coordinated, national Law-Related Education program as a top-priority special emphasis prevention and treatment program. See Hearings on H.R. 1801 Before the Subcomm. on Human Resources of the House Comm. on Education and Labor, 100th Cong., 1st Sess. 204-19, 223-24 (1988) (Serial No. 100-51). In reauthorizing the Office of Juvenile Justice and Delinquency Prevention ("OJJDP"), the 100th Congress retained statutory language expressly authorizing OJJDP to "develop or implement further a coordinated, national law-related education program." The Congress also expressly authorized OJJDP to expand the LRE program to include "disseminating information regarding model, innovative, law-related education programs to juvenile delinquency programs, including those that are community based, and to law enforcement and criminal justice agencies for activities relating to juveniles." H.R. 5210, the Omnibus Drug Initiative Act of 1988. Pub. L. No. 100 - 690.

Over the years, many members of Congress, both House and Senate, both Democratic and Republican, have publicly expressed their strong support for LRE. These members include Mr. Dale F. Kildee (D.Mi.) Oct. 21, 1988, Cong. Rec. page H. 11220; Senator Daniel K. Inouye (D.Ha.) Oct. 14, 1988, Cong. Rec. page S. 16102; Senator Mitch McConnell (R.Ky.) Oct. 18, 1988, Cong. Rec. pages S. 16781-82; Senator Dennis DeConcini (D.Az.) Oct. 18, 1988, Cong. Rec. S. 16775; Senator Edward M. Kennedy Oct. 21, 1988, Cong. Rec. pages S. 17308; Senator Paul Simon (D. Il.) Oct. 14, 1988, Cong. Rec. pages S. 15960-62 and 16071-2; Senator Strom Thurmond (R.S.C.) Nov. 10, 1988, Cong. Rec. page S-17353; Senator Arlen Specter (R.Pa.) Nov. 10, 1988, Cong. Rec. Page S. 17387; and many others.

We respectfully request that the Subcommittee act to ensure that fiscal year 1991 funding of the Law-Related Education program continue to be earmarked at the current level of 2.9 million dollar level. This level of funding is the minimum necessary in order to maintain past levels of service; permit the LRE program to continue to expand into non-school settings where the problems of drugs and violence are most acute; and continue the national implementation of vital and successful programs that comprise the National LRE Initiative on Drugs and Violence. Funding the national Law-Related Education program, coordinated by those organizations with the experience and expertise necessary to ensure proper implementation, represents an investment in democracy; an investment in public safety; and an investment in the eradication of drugs and teen violence.

THE LRE MISSION

LRE performs one of the most critical functions in our democracy -- it teaches young people about the foundations of our free, democratic society and their rights and responsibilities as citizens. Through a cooperative effort by five organizations -- the American Bar Association, the National Institute for Citizen Education in the Law, the Constitutional Rights Foundation, the Center for Civic Education/Law in a Free Society, and the Phi Alpha Delta Public Service Center -- the national, coordinated LRE program helps our young people avoid the scourge of drugs, violence and juvenile delinquency and become effective, law abiding and participating citizens. Specifically, the national LRE program coordinates and assists law-related education programs throughout the nation by providing training and technical assistance; information resources; preliminary assistance to future sites; program and curriculum development; and assessment and management services.

LRE ACCOMPLISHMENTS

The national, coordinated Law-Related Education program is deeply appreciative of the support that it has received from this Subcommittee; from the authorizing committees; from the Congress as a whole; and I might add from OJJDP.

- With your support, we have been able to expand law-related education programs from the original 11 target states to 47 states by the end of 1990.
- With your support, we have continued to provide materials, training, and technical assistance services to all of the state programs involved in the national Law-Related Education network.
- With your support, we conducted public/private partnership conferences last year attended by 1,391 teachers, 210 administrators and 530 volunteer resource persons from the justice system. Nearly 1,500 persons also attended our state-based leadership training programs.
- With your support, we were able last year to train more than 9,000 teachers, 400 administrators and 1,200 resource persons at staff development workshops. Based on the number of classroom

teachers attending our training events, we estimate that 1,483,000 public and private school students received LRE lessons from instructional personnel trained by this program.

- With your support, LRE added four new states in FY '89: Rhode Island, New Jersey, Ohio and Nebraska for a total of 43 states. From September of 1989 through March of 1990, LRE staff provided on-site training and technical assistance services in 39 states, the District of Columbia, and Puerto Rico.

- With your support, LRE continues to be successfully institutionalized, that is to say, made a permanent part of school curriculum. A recent independent evaluation of LRE found that: (1) important progress is being made in institutionalization; and (2) the national coordinated LRE program plays a vital role in institutionalizing LRE through its provision of materials, training, and technical assistance.

- With the additional funds made available last year by Congress, we will also be providing direct financial assistance to the 29 states that have participated in the LRE program for three or more years. This assistance will assist these states in institutionalizing programs already underway as well as in providing training and technical assistance to teachers who are new to the field.

LRE EVALUATION

The impact of these accomplishments is especially significant in that the national, coordinated LRE program is one of the only programs which has been proven to help to prevent a broad range of delinquent acts. The Office of Juvenile Justice and Delinquency Prevention has noted that evaluations of the Law-Related Education program have been, "encouraging . . . confirming the previous findings that such education serves as a significant deterrent to delinquent behavior." U.S. Department of Justice, OJJDP, Eighth Analysis and Evaluation of Federal Juvenile Delinquency Programs 69 (1985). The Twelfth Analysis and Evaluation of Federal Juvenile Delinquency Programs published in 1988 similarly states "[A] national study suggests that Law-Related Education ("LRE"), when properly implemented, can reduce the tendency to engage in delinquent behavior." (at p. 57).

Law-Related Education has been shown to change students' attitudes toward authority figures such as judges, police, teachers and parents. It has also caused young people to identify and interact more with peers who are involved in positive community action and reject those who take part in anti-social behavior. The Law-Related Education programs's success is based principally on a delinquency prevention theory known as "bonding" whereby youths learn that our legal and governmental systems are based on sound principles with which they can identify, thus causing them to "bond" to society's accepted values, norms and institutions. Students raise their sense of self-worth through participation in activities such as mock trials and community action projects which show them that they can be successful and have the ability to contribute to society in many positive ways.

PLANS FOR THE FUTURE: THE NATIONAL LRE INITIATIVE ON DRUGS AND VIOLENCE

In the 1990-91 program year, Oklahoma, Alabama, West Virginia, and Delaware will be joining the LRE Program. The State Bar Association in Oklahoma has already made a substantial financial commitment that will complement federal support for LRE in that state. By the end of 1990, 47 states will be participating in LRE.

In addition to adding new states to the LRE network, nearly half of LRE's resources in fiscal year 1990 will be focused in two specific areas: (1) the further dissemination of the drug-focused LRE lessons that have been developed, field-tested and refined during the last two years; and (2) the initiation of pilot LRE programs for youth in juvenile justice settings. An important component of the pilot programs will be drug-focused lessons. Both of these national initiatives will be supported by direct seed grants to participating states along with training, technical assistance and materials.

With continued funding at the 2.9 million dollar level, LRE will be able in fiscal year 1991 to continue to target resources on the crisis of drugs and violence. LRE will be able to continue to expand its program curriculum for young people in non-school settings such as detention centers, correctional facilities and youth group homes. These programs will continue to emphasize an anti-drug, anti-violence message.

Furthermore, the national LRE program will continue to develop and disseminate LRE's anti-drug and anti-violence programs to young people in school settings. Under LRE's National Initiative on Drugs and Violence, LRE implements programs that attach real world anti-drug and anti-violence community service experiences to classroom lessons. These programs demonstrate to young people that they can help to reduce the level of violence and the use of drugs in their own schools and communities. Under this Initiative, LRE also is able to implement programs that teach young people the dispute resolution skills that they need in order to resolve problems in schools, families and neighborhoods without resort to violence or other socially inappropriate means.

CONCLUSION

Every federal dollar committed to the national, coordinated LRE program is leveraged by state and community contributions an estimated seven times. Without question, the program has proven productive and cost effective. Our traditional decentralized system of education requires a continuing and expanding Law Related Education effort in order to reach students in those school districts and schools not yet involved in this important effort, as well as in non-school settings.

At a time when world events demonstrate each day the value of a citizenry knowledgeable in democratic principles and committed to the respect for law that is the basis for this country's enduring stability, the national, coordinated LRE program provides vital opportunities for our nation's youth. By expanding these proven techniques to address the urgent problems of drugs and violence, the coordinated, national Law-Related Education program holds special promise for the future of our nation's youth.

I thank you for your continued support and look forward to working with you and your staff in this year's appropriations process.

Sincerely yours,

T. Byron Collins, S.J.

TESTIMONY SUBMITTED BY THE REGIONAL INFORMATION SHARING SYSTEM (RISS) PROGRAM IN SUPPORT OF APPROPRIATIONS FOR $15 MILLION DOLLARS FOR THE 1991 FISCAL YEAR

BEFORE

HOUSE OF REPRESENTATIVES COMMITTEE ON APPROPRIATIONS

COMMERCE JUSTICE SUBCOMMITTEE

DATED APRIL 10, 1990

SUBMITTED BY:

GERARD P. LYNCH, ESQ., EXECUTIVE DIRECTOR

MIDDLE ATLANTIC - GREAT LAKES ORGANIZED CRIME LAW ENFORCEMENT NETWORK

ON BEHALF OF THE REGIONAL INFORMATION SHARING SYSTEM (RISS) PROGRAM

APPROPRIATIONS COMMITTEE TESTIMONY

RISS PROJECT DIRECTORS

For Fiscal Year 1991, the Regional Information Sharing System (RISS) Grant Program respectfully requests that Congress appropriates the $15 million that was authorized in the Anti-Drug Abuse Act of 1988 in order to continue their support of drug trafficking and organized crime fighting efforts.

The rise of drug trafficking and the endless emergence of organized crime groups nationally requires a concerted effort by federal, state, and local law enforcement. The RISS Program was funded by Congress to address this need, and it is emerging as the key to successful cooperation by law enforcement in their coordinated attack on these criminal enterprises.

This proven program has produced well over $2 billion in results since being fully implemented in 1980 as compared to costs of approximately $100 million.

In 1989 alone, with Congress' investment of $13.5 million, the member agencies were able to generate seizures of $117,182,245 worth of narcotics, $47,570,786 worth of contraband, $48,584,305 in cash, and 5,609 arrests, along with the collection of $300,236 in fines, $8,582,481 in restitution, $98,079,423 in IRS referrals, and $6,706,244 in civil RICO seizures.

The success of these projects over the years has resulted in support from many established law enforcement organizations such as, but not limited to, the International Association of Chiefs of Police (IACP), the National Sheriffs Association (NSA), and the National Association of State Drug Enforcement Agencies (NASDEA). These organizations have seen the value of this congressional program to law enforcement nationally, and have worked with the National Attorney Generals Association (NAAG), the National District Attorneys Association (NDAA), and the National Criminal Justice Association (NCJA) to further strengthen the awareness for RISS. In a combined effort by all of these agencies, a publication was drafted by the U.S. Department of Justice sponsored Executive Working Group for Federal-State-Local Prosecutorial Relations. In this 1988 publication entitled, "Toward a Drug Free America: A Nationwide Blueprint for State and Local Drug Control Strategies," it was quoted that, "Each state should develop a computerized capacity to store, collate and retrieve intelligence and historical information concerning drug offenders. Before initiating new computer projects, each state should take advantage of existing computerized information exchange and pointer systems, such as the Regional Information Sharing System (RISS) and Operation Pipeline. Each state should actively participate in multi-state, regional and national information networking projects."

The projects have also been able to enhance other worthwhile Congressionally Funded Programs. The states of California, Ohio, Massachusetts, and others have in some way incorporated the RISS Projects in their statewide narcotics programs which were set up pursuant to the Anti-Drug Abuse Act of 1986. Other states are also beginning to include the RISS Projects as they carry out their individual state or local narcotic initiatives.

Oversight: The Bureau of Justice Assistance administers the RISS program and has established guidelines for provision of services to member agencies. The projects are subject to oversight, monitoring, and audit by the U.S. Congress, Bureau of Justice Assistance, the GAO, a federally-funded program evaluation office, the U.S. Department of Justice, and local government units. Evaluation of project operations has been very positive. A House Subcommittee found that: "The projects are addressing a law enforcement intelligence sharing void which exists between the levels of federal authority and state/local authority. There is a wide acceptance and approval of RISS project activity among state and local law enforcement agencies. There is considerable benefit to the federal law enforcement community from direct participation in RISS projects or from services which are derived directly from RISS project activity."[1] The GAO testified that: "We were quite comfortable that the processes were in place to protect the integrity of the federal monies."[2] A federally funded research firm stated: "In general, the program activity data analysis reflects favorably upon the development of the RISS program."[3] In testimony before a House Subcommittee, a nationally respected police administrator stated, "I can say to you gentlemen today that in my 33 years of involvement in law enforcement, over 33 years, that of all the federal projects that have come down our way, that we get more good out of and have derived more out of the RISS projects than any other project that has been funded by the federal grant."[4]

Case-specific support has been furnished to hundreds of local and state police and sheriff departments during 1989. While most of these cases do not attract the publicity afforded many federal investigations, they have a major impact in local jurisdictions, the grass-roots of law enforcement and have earned the RISS projects the praise and support of officials across the country.

The RISS Projects include a nationwide membership of over 2,739 state, local, and federal criminal justice agencies including over 200,000 sworn law enforcement officers. They provide cost-effective services to these agencies and encourage communication, cooperation, and coordination among law enforcement.

Each of the projects include federal agencies as members and their work brings benefit to every federal law enforcement agency.

The projects are working to effect additional funding from non-federal sources. However, cuts in revenue sharing and across the board reductions in federal aid are affecting fund availability at the state and local level.

In testimony submitted during the 1988 appropriations hearings, we told you that the member agencies intended to underline their support of the RISS Projects by supplementing the Federal appropriation to support a portion of the cost of RISS operations. In the intervening year, contributing support in the form of membership fees, direct funding, and assumption of the costs of personnel and facilities has generated additional funding for the Projects. This action by the state and local members, taken despite the ever increasing demand on law enforcement budgets, serves only to emphasize the value which they place upon the programs.

In conclusion, we support the Federal Government's efforts to assist state and local law enforcement in combatting organized crime and drug trafficking. Funding of the RISS Projects at a $15 million level would make the fight successful in Fiscal Year 1991.

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[1] Findings of House Committee on Government Operations (House Report 99-216), July 22, 1985

[2] GAO testimony at Hearings before a Subcommittee of the House Committee on Government Operations, March 26, 1985. Referred hereinafter as "Hearings".

[3] Institute for Intergovernmental Research, the "RISS Projects-Analysis of Activity", prepared for the Bureau of Justice Assistance, July, 1985.

[4] Chief Joe D. Casey, President, International Association of Chiefs of Police: Hearings.

WEDNESDAY, MARCH 28, 1990.

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LEGAL SERVICES CORPORATION

WITNESSES

REGINA ROGOFF, CO-CHAIR, FUNDING CRITERIA COMMITTEE, PROJECT ADVISORY GROUP

M. VICTOR GEMINIAMI, CHAIR, CIVIL COMMITTEE, NATIONAL LEGAL AID AND DEFENDER ASSOCIATION

Mr. EARLY [presiding]. Next we are going to hear from Regina Rogoff and Victor Geminiami—in Massachusetts we know how to pronounce your name.

Mr. GEMINIAMI. I am from Massachusetts.

Mr. EARLY. Before you start, Ms. Rogoff, be sure to emphasize the key things in your testimony, so that when we mark up the bill and someone wants to advocate what you are suggesting, they can do that. They can use your testimony to support their position. So do you want to go ahead, Regina?

Ms. ROGOFF. Thank you. Our written testimony has already been submitted here.

Mr. Early, thank you for the opportunity to testify before you today on the appropriation for the Legal Services Corporation. I am Regina Rogoff, co-chair of the Funding Criteria Committee of the Project Advisory Group and executive director of the Legal Aid Society of Central Texas in Austin, Texas. I have the privilege of testifying on behalf of the more than 300 local law firms that make up the principal components of the Legal Services Corporation's delivery system. These law offices provide civil legal representation for our Nation's poor, and are assisted in this endeavor by support offices which are an integral part of the provision of effective legal services.

1991 is a symbolic year for Legal Services. It is a full decade from the last year in which the Legal Services Corporation funding achieved minimum access. Consequently, the Project Advisory Group urges you to appropriate a funding level of $425 million for Fiscal Year 1991. This figure represents one-third of the full amount needed to restore Legal Services to its prior minimum access funding level. Earlier this morning Congressman Smith indicated that he understood the significance of going back to 1981. It was a year in which Legal Services was funded at $321 million nationwide. In this fiscal year the funding level is $316.5 million.

On a stated reparation of Legal Services funding to the minimum access level—a funding concept developed by LSC and accepted by Congress in the mid-1970's—this funding formula represents the amount of funding needed to provide the equivalent of just two attorneys per 10,000 poor persons. The emphasis here is on minimum access. The goal of providing funding sufficient to support two attorneys for every 10,000 poor people must be compared with the 20 attorneys available per 10,000 people in the general population and 28 attorneys available for 10,000 non-poor.

Minimum access does not even attempt to address the increase in numbers of poor people over the past decade or the evidence that the need for effective legal assistance has grown.

My written testimony details the cost analysis on which minimum access is based. I would simply remind the committee that this is a funding formula whose rationale is supported by the old data and which has been conceptually accepted by Congress throughout the history of the Legal Services Corporation.

The services provided for our clients, in Legal Services programs, include a wide spectrum of civil legal needs. We address the need for landlord/tenant work, repair and housing conditions, admission to public housing, Medicaid, AFDC, food stamps, unemployment insurance, social security disability insurance, and supplemental security income are some of the kinds of legal problems that our clients bring to each of these 300 Legal Services programs.

Even in areas that private attorneys address which are not the ones that I just enumerated, such as family law, there are many issues unique to our low-income clientele and with which private attorneys are simply unfamiliar.

For example, a low-income woman coming to our office for a divorce may learn about medical benefits she and her family are entitled to or get referred to the Women, Infant and Children program for infant formula. An elderly man in need of a will may also be helped with his medicaid or in qualifying for food stamps.

Most private attorneys would not know where in the community to go for help with utility bills, or which churches operate food and clothing pantries, or which low-income apartment complexes are taking applications, or which daycare centers have sliding fee scales.

My program, the Legal Aid Society of Central Texas, offers eligible low-income clients an array of publicly and privately funded services, all available from one source and in one location.

These services include an elder law clinic and a senior citizens law project for our seniors, a family violence legal project for battered women, a family advocacy project for the families that were just described where the children are alleged to have been abused or neglected, legal assistance for the homeless a special advocacy project for the homeless and a social worker.

These programs are made possible by funding from a wide variety of sources, including county and city government, the University of Texas School of Law, the Texas Equal Access to Justice Foundation, the Center for Battered Women in Austin, Texas and last but not least, the Junior League of Austin.

They also have over 500 lawyers who volunteer their services to help the poor in Austin, Texas, alone.

I would encourage you to consider, before we rush to reform this system, whether local bar members and local bar associations would continue their support in terms of their time and money for legal services to the poor, if this system, this network, this nationwide available Legal Services program was dismantled.

The delivery of legal services to the poor requires stability, consistency and support in order to assure quality. Those of us in the field, and especially those who have been a part of the delivery system that works, albeit in need of substantially increased funding, are pleased with our first exposure to the newly appointed Legal Services Corporation Board of Directors.

Nevertheless, we believe it is premature for this body to abandon its oversight or discontinue protections against potentially ill-considered initiatives by the Legal Services Corporation staff.

Before I close, I would like to share with you some letters which have been received by members of my staff. The author of one wrote, a note of thanks, once again, to you, in the Legal Aid Society in Austin for your swiftness and care in helping me regain my daughter, after so many noes, and sorry, I cannot help you's, you were all a gift from heaven.

Another woman wrote about legal services we provided that helped her disabled husband get medical insurance coverage and this was a family, a middle-income family who became indigent as a result of an accident caused by a drunken driver, something that could happen to any one of us.

I spent four months going from attorney-to-attorney telling and retelling our story seeking help. And the Legal Aid Society of Central Texas provided most professional representation for my family after months of soothing double talk and inaction on the part of the most of the "real attorneys". I visited, and she names the attorney at Legal Aid, and researched the facts and decided that my husband did, in fact, have a right to COBRA continuation and agreed to help us.

COBRA, of course, is the Consolidated Omnibus Reconciliation Budget Act adopted by Congress which was intended to protect unemployed workers.

And I am aware of the negative public opinion of Legal Aid recently and my purpose in writing is to maybe offer another side of the coin. In the blink of an eye, my husband and I were thrust into a world that we never anticipated. This new life includes existing solely on social security benefits, and trying to access some of the resources available to the indigent and poor.

I want to make this very clear, we never dreamed we would have a reason to seek free legal services. We had always paid our way, but suddenly, without warning, there we were in a strange middle-American catch 22, and we needed help to secure COBRA continuation and Legal Aid was the source.

The Legal Aid Society of Central Texas fills a gap in the legal system for folks like my disabled husband and me, as well as the homeless and the downtrodden and the suddenly impoverished.

She goes on to thank us for being there to help her family.

We, of course, thank you for allowing us to be there, to meet this type of need and the need on behalf of all of the millions of low-income clients who seek our assistance.

In 1988, the last year for which numbers are available from the Legal Services Corporation, over 1.4 million cases were closed by these 300 local Legal Services programs that we are here to represent today. We urge you to adopt the project advisory committee's budget of $425 million.

And I will be more than happy to answer any questions that you might have regarding this.

Thank you.

[The statement of Ms. Rogoff follows:]

TESTIMONY OF THE PROJECT ADVISORY GROUP
BEFORE THE
HOUSE APPROPRIATIONS SUBCOMMITTEE
ON
COMMERCE, JUSTICE, STATE, THE JUDICIARY AND RELATED AGENCIES
ON FUNDING FOR
THE LEGAL SERVICES CORPORATION
FOR FY 1991

WEDNESDAY, MARCH 28, 1990
3:00 P.M.

BY

REGINA ROGOFF

CO-CHAIR, FUNDING CRITERIA COMMITTEE

Mr. Chairman and Members of the Subcommittee:

I am Regina Rogoff, Executive Director of the Legal Aid Society of Central Texas in Austin, Texas. I am the cochair of the Project Advisory Group's Funding Criteria Committee. I appear here today on behalf of the Project Advisory Group and its membership, the three hundred legal services programs providing civil legal representation to poor people throughout this country, to urge a $425 million appropriation for the Legal Services Corporation (LSC) in fiscal year 1991.

1991 is a symbolic year in the history of the Legal Services Corporation. It will have been a full decade since the last year in which LSC achieved the Congressional goal of minimum access funding. In the late 1970's, Congress committed to a goal of providing a minimum level of access to justice in civil matters. In the 1980's, state and local governments, bar associations, and others have come forward as full partners in the effort to achieve the longer range goals of adequate and even equal access to justice under law.

LSC's funding level in 1981 was $321 million. In 1990, it is $316.5 million. While an appropriation of $425 million represents a substantial increase over this year's level, such an increase is necessary to offset the eroding effect of reductions and inflation on the Congressional commitment to assure poor people at least minimum access to our nation's system of justice.

A renewed commitment is needed at the national level to provide a stable, though minimum funding base for leveraging dollar and human resources at the state and local levels. This approach will allow legal services programs to use non-LSC resources to enhance service delivery and provide, for the first time in a decade, increased access to justice for their clients. The PAG-recommended funding level would accomplish the first step in a three-year staged return to this "minimum access" level of commitment from Congress.

The House Judiciary Subcommittee on Administration has gone on record as believing that LSC "needs additional funding because the Corporation has been inadequately funded for years. Therefore, the Committee expects to request an authorization of $400 million for the Corporation for fiscal year 1991. This amount will allow the Corporation to make a first step in providing minimum access to legal services at the level of two lawyers for every 10,000 eligible persons." The American Bar Association's Standing Committee on Legal Aid and Indigent Defense has likewise endorsed a funding level for the Legal Services Corporation of $401.1 million for FY 1991.

Current funding also fails to account for the findings of every recent study of the legal needs of the poor, to the effect that poor people are receiving assistance for less than 20 percent of their need for such services. In remarks last year at an LSC oversight hearing of the House Judiciary Subcommittee on Administrative Law and Governmental Relations, former LSC Board chair Michael Wallace acknowledged that, "It is clear there are plenty of poor people in my home city, Jackson, Mississippi, who do not get all the services they could use." Ashley Wiltshire, executive director of Legal Services of Middle Tennessee, testified that his program gets 80 new requests for assistance each day, but can handle only 16 of these cases. In my own program, we routinely deny service to fully a third of the individuals seeking our help. Many of those we do accept, receive only advice or brief service rather than the full representation which they need and deserve. In fact, one of the most frustrating and heartbreaking aspects of my job is telling otherwise eligible individuals that, due to limited program resources, we are simply unable to assist them.

Mr. Wiltshire's assessment applies equally to the Legal Aid Society of Central Texas and to the hundreds of local legal services programs around the nation:

> We have not, however, gotten to the position of meeting the need which is presented to us every day, and we will not do so without significant help in terms of funding and support from the Legal Services Corporation. While local efforts are important and can vitalize the work of the local legal services organization, the need is so great and the local resources are so limited that to make significant progress in meeting what is truly a national problem, we will need significantly increased federal funding. Those who think the matter can be left to local initiatives and voluntary contributions, obviously never have been on the Board or staff of a local legal services organization, and do not appreciate the scope of the need.

On behalf of our member legal services programs, their clients, staff, and Board members, the Project Advisory Group urgently solicits your support for significantly increased federal funding.

A Budget Based on the Minimum Access Goal

The goal of providing "minimum access" to the justice system through federal funding was first formulated by the Legal Services Corporation in 1975 in response both to the unmet needs described above and to the enormous geographic gaps in poor people's access to legal assistance. Congress, in the late 1970's, sought to reach large sections of the country then unserved by any legal services program and moved toward what came to be called the minimum access goal.

Full geographic coverage was achieved in FY 1981, when the LSC appropriation peaked at $321 million. Since then, funding has declined, but Congress has kept alive the promise of minimum access in its funding formula for basic field programs. The FY 1989 LSC appropriations legislation, Public Law 100-459, provides that a portion of the increase in funding should be used to fill the gap between the programs' current funding level and the level required to provide funding at 16.46 per poor person, or minimum access in 1990 dollars.

The Project Advisory Group begins its budget calculations with this $16.46 figure, adds a 1990 inflation factor of 4.8 percent, and estimates that the minimum access per capita should be $17.48 per poor person for FY 1991. Funding for basic field, or "census-based" programs, currently set at $274.9 million, would have to increase to $515 million in order to achieve full minimum access funding. However, PAG proposes a three-year incremental return to minimum access and therefore recommends a basic field funding allocation of $354 million, which would fill just one-third of the gap between current funding and minimum access funding. Proportional increases to other service delivery components yields an additional $71 million, for a total appropriation recommendation of $425 million.

I will next explain our budget justification for service delivery components other than basic field programs--categories of "special census based" and "noncensus based" funding.

A. Migrant and Native American Programs

About half the Native American and nearly 90 percent of the migrant recipients are components of basic field programs. Native American and migrant funding has been frozen for the past three years. As long as the need for legal services far surpasses the resources available to meet it, questions about the probable size of these special client populations will be largely irrelevant. The proportionate levels existing in 1985 resulted directly from 1981 LSC decisions about the adequacy of relative support for "special" and "basic" client populations. Until better information develops or funding levels exceed minimum access, LSC should seek to maintain historic proportionality.

B. State Support

The state support units funded by LSC have a long history of essential service to field programs and clients. Six of these units were established in the late 1960's. In the late 1970's, LSC completed a thorough study of the need for state support, concluding that such support is critical to effective client representation by field programs. As a result of this conclusion, LSC committed substantially more funding to state support in the late 1970's. Now, there are some 66 state support grants to programs in 43 states.

As field program staff, volunteers, and contractors increase, the need for support services increases. Support funding should remain in at least the same proportion to the LSC budget as it was in 1985. However, as LSC and the National Organization of State Support Units have discussed since 1985, a number of states do not receive funds designated for state support. Though most of these states receive basic field allocations well above the "minimum funding" floor (now $8.94 per poor person), they all remain well below minimum access. Additionally, there are several states whose state support funding is not sufficient to support a viable support entity. (An estimated $125,000 would be minimally sufficient to support such an entity.)

Although the Corporation now proposes elimination of state support funding, LSC had previously discussed various support funding redistribution schemes to address the needs of unfunded and underfunded states. Conceptually, state support is no different from basic field. Until state support funding rises to at least 4 percent of total funding to field programs in any state, it is lower than the amount needed to provide minimally adequate support to those programs. Consequently, redistribution would remove funds from "less" inadequately funded states to give it to "more" inadequately funded ones. PAG opposes such redistribution.

The most egregious underfunding problems should be addressed by establishing a national level of state support funding at 4 percent of basic field. Additionally, new funds resulting from this strategy would go first to establish state support programs at a minimum funding level of $125,000 in those states which do not now have them and would increase the funding level in underfunded states to at least $125,000. PAG's recommended "mark" includes state support funding at 4 percent of the basic field level.

C. National Support Centers

Most of the national support centers were established in the late 1960's. The remainder were funded in the late 1970's following a comprehensive study by LSC of national support needs.

From 1975 to 1979, national support funding declined as a percentage of basic field funding. In 1980 and 1981, based on a study of unmet support needs, LSC began an expansion of national support activity. That expansion was cut short by the reductions of 1982 when national support funding, like that of most other programs, was reduced by 25 percent. In addition, national support centers had received funding from other federal agencies. Most of that funding was reduced or eliminated in 1982.

Since 1982, national support centers have received some minimal funding increases, but, taking inflation into account, have never been restored to their 1981 levels. Further, because national support center funding has been frozen since 1986 while field programs have received some increases, national support centers are now receiving less funding relative to basic field than in 1981.

Based on this history, PAG considered two factors in calculating the recommended appropriation for national support. First was the goal of restoring national support to the proportional share of funding it had received in 1981 relative to basic field and at the same time to restore its dollar level of funding adjusted for inflation. The other primary factor was one of equity with other programs. Since the PAG recommended mark would move field programs only a third of the way back toward minimum access, national support funding is increased commensurate with the basic field increase.

Weighing these two factors, PAG recommends that national support be increased in the same proportion as field programs, using 1985 as the base year. Under this recommendation, national support centers would achieve approximately the same progress toward the interim goal of restoring 1981 real dollar levels as the field programs will achieve.

D. Regional Training Centers, Clearinghouse, and Computer Assisted Legal Research (CALR)

In 1980, LSC devoted approximately $6 million to training. By comparison, PAG's FY 1990 funding recommendation is $1.1 million for regional training centers, $1.3 million for Clearinghouse, and $.9 million for CALR, for a total in these categories of $3.3 million. While the comparison is not a precise one, many of the training and support functions performed by regional training centers, Clearinghouse, and CALR were once addressed by LSC's allocation of double the amount of funds called for in PAG's recommended mark. Thus, PAG recognizes that training and support needs will remain substantially underfunded even at its recommended mark level. However, PAG has sought to restore this funding to its proportionate share of 1985 basic field funding and to restore its dollar level of funding adjusted for inflation.

E. Reginald Heber Smith Fellowship Program

PAG strongly urges the reestablishment of the Reggie program. In doing so, LSC should continue emphasis on Reggie's two fundamental features: recruitment of minority attorneys and focus on community lawyering. LSC also should assure the historical allocation of Reggies to Native American and migrant programs and should return the program's administration to a grantee outside LSC headquarters.

A well administered Reggie program assures that fellows become wholly involved in the communities they serve. Their continuing presence in those communities heightens local programs' understanding of their clients' most critical needs. Creative, aggressive Reggies assure that programs (and LSC) focus on the Legal Services Corporation Act's mandate that LSC improve opportunities for low-income persons (section 1001(3)). To the extent that Reggies themselves come from low-income communities, their contribution or "community lawyer" links to clients can be even more powerful. LSC should give high priority to establishing the Reggie program.

F. Client Support

An entity should be funded to fill the void left by the defunding of the National Clients Council. Such an entity should be the primary vehicle through which LSC assures minimally necessary training of the client members of local programs' Boards.

The Corporation should promote client self-sufficiency by funding a client entity which can advise it and its senior staff about client needs nationally. PAG, consequently, recommends that LSC provide funding for a mechanism through which clients in various parts of the nation can obtain the support and training which clients throughout the nation need.

G. Corporation Management and Administration

LSC's fiscal 1990 Congressional appropriation designates $8.7 million for corporation management and administration. The conference managers estimated that LSC would have about $1.7 million in carryover funds available for this line item, for a total amount left in LSC's discretion of $10.4 million.

In recommending a fiscal 1991 budget allocation of $8.7 million for management and administration, PAG has taken into account - as apparently did Congress - that in recent years LSC has failed to spend all of the funds budgeted to this category and has run up large fund balances. LSC has exclusive access to the data which would explain this occurrence. Consequently, PAG's recommendation contemplates, as in prior years, that LSC will not fully expend funds allocated to this category.

H. Program Development

Program development funding was not considered by PAG to fit properly in the Direct Delivery category since it has been treated as the Corporation's discretionary money for experimental models. The PAG recommendation categorizes program development funding under the Corporation heading as part of the line item Program & Training Development, Technical Assistance, and

Training Reserve. We note that last year, LSC made a similar adjustment to its budget format and now has line items for Competitive Bidding & Program Development and Training Development & Technical Assistance in its Corporation Management and Administration category.

PAG recognizes the important role of research and experimentation to improve the capacity of the legal services delivery system, and we are cautiously optimistic that the newly appointed LSC Board will approach these issues in a responsible manner. Nevertheless, we think it appropriate to defer their implementation until a Board has been confirmed by the Senate.

PAG requests that Congress (1) protect all existing elements of the delivery system; (2) include a funding formula which seeks to move basic field programs proportionately toward the minimum access goal; (3) continue the reprogramming provisions already in place; and (4) closely monitor the Corporation's initiatives this year to insure that the best interests of the legal services program are served.

Conclusion

I thank you for the concern and support you have shown for the legal services program, and I respectfully urge you to reaffirm your commitment to it with an increased appropriation for the coming year.

PROJECT ADVISORY GROUP
RECOMMENDATION FOR FY 1991 BUDGET MARK

	(a) PAG's FY 1990 Budget Mark	(b) FY1990 Approp. H.R. 2991	(c) PAG's Recommended FY91 Mark
I. DELIVERY OF LEGAL ASSISTANCE	$369,744,783	$294,541,000	$387,085,622
A. FIELD PROGRAMS	$360,631,358	$292,357,000	$377,941,663
1. Basic Field Programs	$338,012,900	$274,965,000	$354,237,519
2. Native American Programs and Components	$9,402,624	$7,304,000	$9,853,950
3. Migrant Programs and Components	$13,215,834	$10,088,000	$13,850,194
B. SUPPLEMENTAL SERVICE PROVISION	$9,113,425	$2,184,000	$9,143,958
1. Supplemental Field Programs	$1,988,632	$1,040,000	$2,084,086
2. Law School Clinics & Recruitment	$0	$1,144,000	$0
3. R.H. Smith Fellowships	$7,124,793	$0	$7,059,872
SUPPORT FOR THE DELIVERY OF LEGAL ASSISTANCE	$27,873,453	$17,756,000	$29,211,379
A. TRAINING AND TECHNICAL ASSISTANCE	$1,056,888	$649,000	$1,107,619
1. Regional Training Centers	$1,056,888	$649,000	$1,107,619
B. OTHER SUPPORT	$26,816,565	$17,107,000	$28,103,760
1. National Support	$10,142,971	$7,518,000	$10,629,834
2. State Support	$13,537,633	$8,158,000	$14,187,439
3. Clearinghouse	$1,309,279	$900,000	$1,372,124
4. CALR Grants	$922,280	$531,000	$966,549
5. Client Support	$904,402	$0	$947,813
III. CORPORATION MANAGEMENT/GRANT ADMINISTRATION	$10,787,508	$8,703,000	$8,703,000
A. MANAGMENT & ADMINISTRATION	$9,036,493	$8,703,000	$8,703,000
B. PROG. DEVELOP., TRAIN. DEVELOP. & TECH. ASSIST.	$1,751,015	$0	$0
TOTAL	$408,405,744	$321,000,000	$425,000,000

Mr. EARLY. Ms. Rogoff, what you suggested in your statement is that if all of the Legal Services could stay within those confines or close to it, we would not have nearly the trouble that we have had. You know, Chairman Smith has kept this program going almost by himself. You talk about a minimum service—I know Mr. Smith has been talking for years about it. Is that minimum service outreach covering the whole country?

Ms. ROGOFF. Minimum access assures us, yes, that every county in this country is served by a Legal Services program.

Ms. EARLY. A few years back we were not even getting that. I appreciate your saying that any agency is as good as the people who administer it. That is really what the poor people need.

Ms. ROGOFF. Thank you.

I would just like to respond to that. I truly, personally believe, from my experience—I have been in Legal Services for my entire legal career, which is 16 years—that my program is not unique. I take pride in our program but I think that my program is just one of many, many, virtually all of the programs out there are doing the same type of work and the same volume of work. Our program sees over roughly 10,000 new applicants a year, and accepts roughly 6,500 clients and that is just a very small piece of that 1.4 million cases that were closed in 1988 alone.

So I think—I do not want to take personal credit, but I would like to share the credit for the quality of legal services with all of those programs nationwide.

Mr. EARLY. Well, the abuses are getting fewer and fewer. But in my own area, they got involved in something that was not good for anybody in that as they just became so broad that they were just a harassment rather than a constructive part of the system.

Thank you, Mr. Chairman.

Mr. SMITH. Mr. Geminiami, did you have a short statement?

Mr. GEMINIAMI. Yes, I did.

Mr. Chairman and Congressman Early, my name is Victor Geminiami and I am the Executive Director of Legal Services in Northern California and that covers the northern third of the State of California.

I have been working in Legal Services for 20 years and it has been a great pleasure. It is also a great privilege to address you this morning.

I speak on behalf of the National Legal Aid Defenders Association and I serve as the Chairperson of the Civil Committee of NLADA. ~~I have also~~ served as the Executive Director of the Western Mass Legal Services and I have served with the Legal Services Corporation in the Southeast Region during which I oversaw the 75 programs in the south.

I want to begin by saying that it has been a real pleasure in the last few days to observe the actions of the new appointees for the Board of Directors. I have been particularly encouraged by their remarks this morning and the suggested appropriation figure of $343 million. I am particularly encouraged by their recommendation that any allocations from Congress be spread out to all of the critical elements on an equal basis of our delivery system.

I am cautiously optimistic that the adversarial relationship that might have existed over the last decade may be finally coming to an end. They seemed to listen and they seemed to want to learn. We are looking forward to helping develop a positive and cooperative and supportive relationship with that Board of Directors and that corporation so that ultimately the clients that we serve will be affected in a positive fashion.

I have submitted written testimony and there are two or three points that I would like to amplify if I could.

The first one is an issue that came up this morning a few times and that was the issue of child support. There are many programs in the country that are actively involved, my own being one, in the recovery of child support payments under the recovery statute that was passed by this Congress many years ago.

As you know, you created a very comprehensive and, I believe, very successful system that is funded this day to the tune, I think of $1.16 billion, to assist those mothers who need assistance in recovering support payments. I have participated in that process back home and across the country and our programs are actively doing that.

Some programs for the agencies, I will be frank, are not particularly effective and some are extremely effective. I think the great majority are in the latter category. Where a program is not particularly effective, we actively work to, not only work with some individual mothers, but also work with the agencies and the jurisdictions to improve that delivery system.

One of the strengths of this program and it is contained in the Act, is the local decision making that you have allowed local programs, either through their board of directors, who are locally appointed, clients, eligible clients and attorneys to make decisions about allocation of resources. We have very, very few resources to do many, many things and ultimately that local control and that local sensitivity to what most critical issues are in those communities—be they homeless issues, senior representation for health issues, disabled issues, or child support issues—those issues can best be addressed on a local basis by the Board of Directors more sensitive to the needs in their communities.

I would also add that 1620, which is the priority setting regulation, requires us, and I think rightfully so, on an annual basis to make the determination about what are the critical elements that are missing in the community. And most importantly, take a look at what services are already being performed in that community so that we are not engaged in the business of duplicating services, but rather prioritizing those that are most necessary.

Time reporting is also an issue that has been discussed over the last three or four years and was discussed this morning. Many programs and I think Mr. Weir accurately said this morning, that all programs in Legal Services do keep some form of time records. Some are more sophisticated than others. We are mindful of the fact that virtually no, we are aware of no Federal or state legal department or the Justice Department, here in Washington, in fact, keeps time records.

The keeping of a comprehensive time reporting system may be very essential for profit making firms and it is a little bit different in the arena of nonprofit. It does not mean that we should not develop a system for time reporting, but what I urge us to do is to take a look at the General Accounting Office's recommendations of about two year's ago, when they took a look at the procedures that were being implemented, that were recommended for implementation by the Legal Services Corporation.

GAO made three recommendations before you implement time reporting system. The first is that you determine exactly what you are trying to accomplish in the implementation of that system; and the second is that you develop a system that is sensitive and sophisticated enough to recover the information that you need, but not so complicated that it becomes a bureaucratic exercise and diverts important resources away from direct delivery; and the third that it be field-tested in selected places and improved and that be before national implementation occurs.

And we urge you before we walk down the road of implementing a national time reporting system we look at the GAO report and implement those very, very good recommendations.

The third issue that has been discussed recently is the potential limitations on the concept of private funds. Mr. Chairman, you, this morning mentioned that this organization in 1981, I believe, received $321 million allocation and today we have a $315 million allocation.

There have been very few, if any, Federal agencies that, in fact, have received that type of funding, stagnant funding over the last 10 years. I think as you take a look at the issue of private funds, you should be sensitive to the fact that it is very difficult to raise funds to supplement and support the work that we are doing, in a time when the Federal Government because of resource problems may not have the ability to really provide the number necessary, to provide true access. We ought to create systems that encourage private and public sources to come in and provide those services.

I can suggest that under the current proposal that is before you or will may be before you on private funds, many of the cases that we handle on behalf of seniors, that are not means tested, in terms of eligibility they are age tested, would in fact, be prohibited.

And in our own program we are trying to institute through private funding a hotline service for senior citizens, all over northern California that can call from the convenience of their own home and get the advice necessary.

That system, basically, would not be implementable under the current proposals that are before you or will be before you shortly, under private funds, because of the eligibility issue.

Lastly, I would like to briefly touch on the issue of competitive bidding. We share in congressional interest in looking at the issue of competitive bidding. We live in an extremely competitive time and I think that is good. I think the taxpayers in this country, more importantly, the poor of this country have a right to insist that the dollars that they allocate for the provision of legal services are done in the most efficient and effective way that we possibly can do.

Unfortunately, we have come from through a very politicized decade in the provision of legal services. And it has not been an easy one either for programs for LSC, clearly for Congress, and most importantly for our clients. And we suggest that, and we welcome the opportunity to engage in a dialogue with the Legal Services Corporation on the implementation of the competitive bidding system. But before we do that, we think that a few things are absolutely critical to that analysis.

The first is that we have to develop a fairly clear and comprehensive criteria system for judging any proposals that may come in. The second is that we must develop an objective process for the selection of the appropriate grant, and the third is that we must field-test the system in a few places to make sure that, in fact, the system works.

The history on the defenders' side of Legal Services is an unsuccessful one. Competitive bidding has been tried over the last decade and for a variety of reasons it has not worked. We are encouraged by Mr. Woodcraft's suggestions this morning that any process involving competitive bidding will, in fact, be field-tested and I think that is an ultimately an absolutely critical element of anymovement towards competitive bidding.

In closing, I want to thank you for this opportunity to appear before you and we hope there is clearly the changes that have occurred in the Legal Services leadership will create an environment where we can really all move ahead and to do what we want to do—to provide the best competent legal services we can to the poor of our country.

Thank you, very much.

Mr. SMITH. Okay. Thank you, very much. We appreciate both of you appearing here today.

[The prepared statement of Mr. Geminiami follows:]

Testimony of M. Victor Geminiani

Chairman, Civil Committee
National Legal Aid and Defender Association

before the

Subcommittee on
Commerce, Justice, State, The Judiciary and Related Agencies

Committee on Appropriations
United States House of Representatives

March 28, 1990

Good afternoon, Mr. Chairman and members of the Subcommittee. My name is Victor Geminiani. I am Executive Director of Legal Services of Northern California and Chair of the Civil Committee of the National Legal Aid and Defender Association, which organization I represent today. I appreciate the opportunity to appear before you.

NLADA is a private, non-profit, national membership organization which, since 1911, has been dedicated to developing and supporting high quality legal help for poor people in America. We wholeheartedly endorse the recommendation of the Project Advisory Group which you have just heard, and we urge the Subcommittee to take this modest first step toward the goal of "minimum access," an elusive goal that we actually touched, with your help Mr. Chairman, ever so briefly exactly a decade ago.

I would like to spend my time with you this afternoon discussing what have come to be known as the legal services "reform" proposals, a misnomer if ever there was one. I refer to that package of amendments which first surfaced on the House floor last fall, Mr. Chairman, as you sought approval of the Conference Report on your subcommittee's appropriations bill. They are known as the McCollum-Stenholm amendments. Crafted by the current management of the Legal Services Corporation and several interest groups which call themselves the Legal Services Reform Coalition, these amendments are based on a number of longstanding myths and misrepresentations about what legal services is. Opponents have long charged, for example, that legal services programs neglect the ordinary needs of the poor in order to pursue test case litigation, class action suits and social advocacy; that our programs turn away individual clients with ordinary problems in order to take on more interesting cases; that we devote extensive resources to activities that are unrelated to the delivery of legal services; that we constitute a monopoly; and that we have committed egregious and widespread violations of the LSC Act and regulations.

These charges are not supported by the facts. The unequivocal record demonstrates that legal services is an efficient, productive and successful program with widespread public support and the total allegiance of the organized bar. It has carried out, effectively and professionally, the intent of Congress.

So please do not be misled by those who come before you wrapped in the cloak of "reform." For the most part, they are the very same individuals and organizations who have sought for years to destroy legal services. They have not altered their goal; they have merely changed its name. Their true purpose is not to "reform" legal services but to dismantle the legal services delivery system that, with proven efficiency and effectiveness, has served the legal needs of our poorest citizens for a quarter of a century.

Let me speak briefly to each of the so-called reforms currently included in the McCollum-Stenholm package, describing its purpose and its real impact on programs and clients and explaining why these proposals should not be adopted.

1. LOCAL BOARD AUTHORITY

The "reform" amendment would require local program boards of directors to decide which specific cases programs could bring and to approve each class action brought.

Imagine what would happen, Mr. Chairman, if these local boards, 60% of whose members are attorneys practicing in the local community, a majority of whom must be appointed by the local or state bar association, had to approve every single case that comes in the door. Nothing would happen; nothing would get done, which is precisely what the "reformers" would like to see happen.

These boards already exercise full oversight of the programs. No evidence supports allegations to the contrary nor the implication that local boards may not be fully carrying out their fiduciary responsibilities. Local program boards can and do determine priorities in the allocation of resources, decide broad policy matters including the types of cases and matters that the program will handle, and assure the financial integrity of the program. But requiring local governing bodies to approve any specific case is directly contrary to the Model Rules of Professional Conduct and all state and American Bar Association ethical opinions that have considered the issue. Members of the bar could not serve on such a board. The proposal is preposterous on its face.

2. USE OF PRIVATE FUNDS

The "reform" amendment would restrict all private funds and most IOLTA funds received by local programs regardless of the purpose for which the funds were provided.

The current LSC Act and regulations provide ample protections to guarantee that Corporation funds are not used, directly or indirectly, to support prohibited activities and to assure that private funds are not used for activities that are inconsistent with the purposes of the LSC Act. This proposal would permit LSC to enforce its repudiated regulation on private funds and override the existing Congressional rider which prohibits LSC from imposing additional restrictions on private funds for legislative and administrative representation. Programs could no longer serve many elderly and disabled clients who do not meet the LSC financial eligibility guidelines, but who are still poor and cannot afford legal assistance. Private funds could no longer be used for alien representation allowed under the current LSC Act.

IOLTA Funds are public funds and should not be restricted by LSC but only by the public agency providing the funds which, along with private funders, should have the same opportunity as Congress to determine the purposes for which their funds will be used and to select the institutions that can best carry out those purposes. This amendment is unnecessary and probably unconstitutional.

3. EARMARKING FUNDS

The "reform" would earmark funds for child support and drug representation even though such representation may be unnecessary or irrelevant in a particular program's service area.

Currently, LSC does not set national priorities. Instead, local program boards, based on an extensive process to determine the needs of clients within their service areas, decide what types of cases to take. This proposal would require every legal services program to provide representation on child support and assist in the enforcement of drug laws.

In many local areas, our clients have access to complete legal assistance for child support through the IV-D state agency. In fact, earmarking funds is particularly inappropriate for child support since the federal and state governments are spending $1.6 billion in fiscal 1990 for child support enforcement, about five times the entire appropriation of the Legal Services Corporation.

Earmarking funds for drug representation is also inappropriate since not all communities served by legal services programs have serious drug problems and since legal services personnel have no special expertise or capacity to assist in the enforcement of anti-drug efforts.

LSC has not done any study or survey to determine whether these two problems are significant ones for eligible clients. Local programs, on the other hand, regularly reexamine the needs of the client communities to determine what their program priorities should be. The proposal flies in the face of the concept of local control which has been the underpinning of the legal services program since its inception. Priority setting should remain with the boards of directors of local programs whose members, attorneys practicing in the community, client representatives and other local citizens, are in the best position to determine the needs of their own communities.

4. REPRESENTATION OF MIGRANT FARMWORKERS

The "reform" would require migrant workers and agricultural employees to exhaust administrative remedies and mediation procedures before negotiation or filing a lawsuit, to disclose their identity, be subject to unique additional pleading requirements not imposed on any other group of clients and deny farmworkers access to legal services lawyers.

This, Mr. Chairman, is the guts of the so-called "reform" package. It is a back-door attempt to roll back the rights of migrant farm workers specifically created by Congress to deter and prevent exploitive practices by creating special procedural obstacles and by placing on their attorneys special burdens which will hinder migrant workers' access to the courts. It is being promoted by the very agribusiness defendants who have been found to be violating the rights of migrant farm workers. No justification exists for placing on migrant farm workers, surely among the most vulnerable and needy people in our society, special burdens that do not apply to any other group of clients, rich or poor.

Look, specifically, at the proposal that agricultural employees be required to exhaust administrative remedies and mediation procedures before a lawsuit can be filed. Legal services programs always attempt to resolve issues through negotiation prior to litigation and no evidence exists that they do not. For example, under the Migrant and Seasonal Agricultural Worker Protection Act, courts, in determining the amount of damages to be awarded, must "consider whether an attempt was made to resolve the issues in dispute before the resort to litigation." 29 U.S.C. 1854 (c)(2). There is not one case in the nation where the damages awarded to a worker under the AWPA have been reduced because the worker's legal services attorney failed to engage in a good faith attempt to settle the case before litigation. Indeed, it is often the grower who fails to engage in any pre-filing discussion or negotiations.

The agribusiness claims of nuisance suits and improper factual allegations are false. In fact, legal services attorneys win virtually all of the cases brought on behalf of migrant farm workers. Just last week the United States Supreme Court, in a unanimous decision, ruled in favor of ten migrant farmworkers who had been permanently disabled while being transported to work in an unsafe van owned by their employer. That case, an important victory for all migrant workers, was originally brought by Florida Rural Legal Services. In the history of migrant legal services, no legal services attorney or program has ever been sanctioned under Rule 11 of the Federal Rules of Civil Procedure for bringing a lawsuit that was not grounded in fact or warranted by existing law.

The proposal's language on solicitation of clients would deprive migrant farm workers of access to legal services (farm workers are often prevented from communicating with outsiders while residing in farm labor camps), and is inconsistent with numerous federal and state court opinions that have held that farm workers have a right to have legal services attorneys contact them in labor camps.

In short, Mr. Chairman, in espousing these "reforms" the American Farm Bureau and the agribusiness interests they represent have assumed the role of Shakespeare's Dick the Butcher in Henry VI. Unable to thwart democracy and mold the law to their liking, they seek now to "kill all the lawyers," making it impossible for those from whose sweat they profit to pursue their rights under the law. I urge you and your colleagues to reject this proposal and to maintain the protections of the law for agricultural employees.

5. VOTING RIGHTS REPRESENTATION

The "reform" would prohibit all Voting Rights representation involving redistricting, including that funded with private non-LSC public funds.

This proposal would prohibit legal services programs from representing eligible clients in efforts to preserve their fundamental civil rights under the Constitution and the Voting Rights Act. It will severely undermine civil rights enforcement on a local level.

Contrary to the horror stories being spun around Capitol Hill to garner support for this proposal, legal services representation of indigent clients under the Voting Rights Act does not focus on redistricting on the state or federal level. It has virtually nothing to do with congressional redistricting.

Rather, almost all of the cases handled by legal services programs in the past have been challenges to efforts by local governments to dilute voting strength of poor people. Historically, this group of indigent voters who often disproportionately consist of Hispanics, Blacks and other minorities has been chronically underserved by those governments.

Local bodies -- city councils, school boards, utility commissions, etc. -- allocate vital government resources and services that profoundly affect the basic day-to-day existence of the poor. We are talking here about decisions impacting the quality of education, the maintenance of schools, police protection, health services, street cleaning, garbage collection, sewers and other basic municipal or county services. Our programs hear over and over again from the staff at the Legal Services Corporation that we don't pay enough attention to our clients basic day-to-day legal needs. What could be a more basic need of the poor than the right to pursue the remedies afforded them under the Constitution and the Voting Rights Act to have their vote counted and to be adequately represented in the decision-making bodies that affect their daily lives? Our clients vote more often than they get divorced, Mr. Chairman. You just can't get more basic than that.

6. PROTECTION AGAINST THEFT AND FRAUD

The "reform" amendment would impose a host of federal criminal and civil statutes and all OMB circulars on LSC funds.

You will recall, Mr. Chairman, that this particular proposal was ruled non-germane when the McCollum-Stenholm was first presented to the House last fall. I submit that it is also completely unnecessary.

Currently, LSC recipients are constrained by state and local fraud and embezzlement statutes as well as federal criminal provisions. Recipients must also comply with strict accounting and audit procedures that are similar, or identical to, those imposed by OMB Circulars on other federal grantees.
Already the five federal criminal provisions on fraud and embezzlement apply to LSC funds according to a June 5, 1989 letter from the LSC General Counsel. Part 1630 of the LSC Regulations incorporates all relevant portions of the OMB Circulars.

No justification for applying these provisions has been shown. LSC's proposal appears calculated primarily to create an aura of fraud and abuse which is belied by the remarkably clean records of legal services programs. A May 3, 1989 letter from LSC President Terrance Wear to Rep. Barney Frank cited only ten examples of alleged misappropriation or embezzlement which occurred between 1980 and 1989. In all of these cases, the program sought prosecution and took appropriate action to recover any funds that had been misappropriated. No different result would have occurred if LSC had the additional authority it now seeks. This proposal is not necessary and should not be adopted.

7. TIMEKEEPING

The "reform" would require programs to maintain a nationally dictated system of detailed timekeeping requirements that would obtain data on the time and costs for each case and activity by funding source.

The proposed national timekeeping system would be unique. No other publicly funded provider of legal services nor any federal or state government legal department, Department of Justice, state Attorney General, or city corporation counsel maintains the kind of timekeeping system LSC wants to impose. Lawyers in private practice do not keep time based on a system of functional accounting.

A March 1988 report of the General Accounting Office found that LSC's timekeeping proposal failed to:

-- support the need for a timekeeping requirement at the level of detail proposed;

- explain how timekeeping would be used to improve LSC's ability to monitor grantee performance; and

- assure that grantees will use timekeeping to better manage their programs and achieve the benefits that LSC suggests.

LSC's proposed system would impose time-consuming and burdensome requirements on programs without any justification and no added benefit for the programs. According to the GAO report "... LSC's position ... indicates a basic lack of understanding about the design and development efforts needed to assure an effective management information system."

Congress has repeatedly denied the LSC staff's attempts to impose this burdensome and entirely unnecessary timekeeping system upon local legal services programs. Please do not be persuaded to abandon that prudent and responsible position.

8. COMPETITIVE BIDDING

The "reform" amendment would permit the LSC to defund current providers and subject every grantee on the local level, all national and state support grantees and all other special support grantees to competition every three years, regardless of the performance of the grantee or the instability that such a process might cause initially or on an ongoing basis.

This is certainly not a new issue for the subcommittee, Mr. Chairman, nor for the full committees in both houses. You have wrestled with the question of competitive bidding for at least two years now. In fact, Pub. L. 101-162, the LSC appropriations bill for FY 90, provides that:

> none of the funds appropriated under this Act or under any prior Acts for the Legal Services Corporation shall be used to consider, develop, or implement any system for the competitive award of grants or contracts until such action is authorized pursuant to a majority vote of a Board of Directors of the Legal Services Corporation of eleven individuals nominated by the President after January 20, 1989, and subsequently confirmed by the United States Senate ...

Despite this language, which has appeared in the last two appropriations bills, the LSC staff, and its allies in the Legal Services Reform Coalition, persist in pursuing their destructive version of competitive bidding. Competition may well be useful in some circumstances. However, let us be clear, LSC is using competition as a tool to dismantle the current system. Under the competitive bidding system proposed by the current LSC staff, no longer would LSC fund one provider for each geographic area, but at least two and possibly many more. Funding would be equalized solely on the basis of the 1990 Census without any consideration of past funding decisions. Providers would not need to be full-service providers. Providers would not need to be lawyers; they could be entrepreneurs or paralegals not tied to an existing program. Providers would not have to have a local board controlled by lawyers appointed by local and state bar associations. Client involvement would not be required.

LSC does not contemplate the development of any performance standards or other criteria upon which to judge providers; applicants would be judged strictly on a cost-per-case basis, with no emphasis on quality or effectiveness.

This proposal strikes at the very heart of the legal services delivery system that, by any objective standard, has worked extraordinarily well for more than two decades. We believe it will not work -- similar experiments in the field of criminal defense have been universally disastrous, and that it will result in a system of legal representation for poor people that is vastly inferior and far more costly than the current system.

The notion of competition is an intriguing one in our free market society, Mr. Chairman, and I realize that there are many members in both houses who sincerely believe that if competition is good for defense contractors, it should be good for us. We urge you to resist the siren's song, to examine these proposals on their merits and, most important, to continue to insist that any move in the direction of competition first be considered by an LSC Board of Directors that has been nominated by President Bush and confirmed by the Senate.

Taken as a whole, these so-called "reforms" would do enormous damage to the cause of equal justice in America. We urge you to reject them.

I would also like to call to the attention of the Subcommittee today our growing concern about the recent imposition of a variety of new and very burdensome reporting requirements on all LSC-funded grantees. In the past several weeks, for example, LSC has demanded that programs, in an extremely short time period, gather substantial amounts of new information never previously required to be kept, in order to be refunded. Among these new requirements are a monthly form about clients who are denied assistance, for whatever reason, and a new "Drug-Related Activity Service Report." The staff is imposing these burdensome requirements upon programs often with no statutory authority or consultation with the LSC Board, no advance notice to programs and no reasonable or rational justification. As one of my colleagues said the other day, "If they can't take our money, they're going to take our time."

Trite but true, Mr. Chairman, time is money. These absurd demands on the part of the LSC staff accomplish nothing more than to divert our attention and our resources away from service to our clients. I submit that is their purpose.

Finally, Mr. Chairman, let me speak very briefly to two regulatory issues that have come to the attention of the Subcommittee in the past -- the attempt by LSC to restrict fee-generating cases and the use of private funds.

As you know, the previous LSC Board adopted a regulation that would have offset against recipients' grants 75 percent of all attorneys' fees over $100,000 received by legal services programs after November 1, 1988. Not only would this unjustifiable provision have punished successful programs, it also would have discouraged programs from bringing many cases that require substantial resources, which, of course, was the intention of the leadership of the previous board.

Congress denied reprogramming for this regulation as well as for another attempt by the LSC Board to severely restrict the use of private funds donated to programs by United Way, private foundations, bar associations, community organizations or even individual contributors. Had that regulation been allowed to go forward, private funds no longer could have been used to represent victims of domestic violence, the elderly, disabled, farmers or other who, though in great need, did not meet LSC's financial eligibility standards. Nor could private funds have been used to train clients about their rights and responsibilities or to train personnel from social services and mental health facilities, even though such training has enhanced collaborative efforts with social service providers and often alleviated the need for litigation against such agencies. Any number of other worthwhile projects would have been eliminated or obliterated had this regulation been allowed to go forward.

We urge you to continue to withhold your approval of these and other potentially damaging regulations put forward by LSC while, at the same time, maintaining the riders that have been included in the last several appropriations bill to protect the program from the excesses of the previous hostile board and an equally hostile staff that remains in place today.

We are grateful to you, Mr. Chairman, and to all of your colleagues here and across the way for your continued vigilance. We urge you to stay the course as we move forward through yet another time of uncertainty for our program and for our clients. We want to work with you and to provide you with any information you may need as you consider the various proposals before you.

Thank you for the opportunity to appear before you today and for your steadfast support for the cause of equal justice.

Mr. **Smith**. At this point we will insert additional testimony submitted for the record regarding the Legal Services Corporation and Equal Employment Opportunity Commission.

[The statements follow:]

ABA

Statement of

JOANNE GARVEY

on behalf of the

AMERICAN BAR ASSOCIATION

before the

SUBCOMMITTEE ON COMMERCE, JUSTICE, STATE,
THE JUDICIARY AND RELATED AGENCIES

of the

COMMITTEE ON APPROPRIATIONS

of the

U.S. HOUSE OF REPRESENTATIVES

on the subject of

LEGAL SERVICES CORPORATION

March 30, 1990

Mr. Chairman and Members of the Subcommittee:

I am Joanne Garvey, a practicing attorney from San Francisco, California, and the Chairperson of the American Bar Association's Standing Committee on Legal Aid and Indigent Defendants. I appear today at the request of our President, L. Stanley Chauvin, Jr., to express the strong support of our Association and its 365,000 members for a vigorous national program of legal services for the poor. It is our recommendation that $401.1 million be appropriated to this program for FY'91.

The federal legal services program, the Legal Services Corporation, has weathered a decade of strife and controversy, fueled by efforts of some officials of the Corporation to eliminate the Corporation or to seriously curtail the effective advocacy its grantee programs provide. We are very pleased that President Bush has named a new Board, and we have begun to work with that Board to ensure that the program will receive the support and proper direction at the national level which has been sorely lacking.

One of the serious consequences of this decade of strife was that the Corporation's budget declined markedly in an era when the legal needs of the poor were on the rise. In FY'81, the Corporation received an appropriation of $321 million. To adjust simply for inflation, an appropriation of $477 million would be needed to restore funding to its level of 10 years ago. A higher figure would be needed to adjust for the rise in the number of poor people in the past decade. Yet the Corporation's appropriation for FY'90 was only $316.5 million.

This lack of funding has meant that hundreds of thousands of the nation's neediest persons have not had access to legal services to resolve disputes and enforce their rights. It has meant that the number of full-time legal services attorneys providing representation under the LSC program has dropped by about one-third -- from 6000 to 4000. It has meant that "equal justice under law" has become a hollow phrase for many of our citizens.

The organized bar has redoubled its efforts to supplement the federal program with free legal services contributed by private attorneys. The American Bar Association spends almost $1 million each year to promote and support pro bono efforts by private lawyers, and our state and local bar association counterparts likewise are providing substantial resources. The result has been that over 130,000 lawyers are now contributing free legal services to the poor through formal pro bono programs we work with; no doubt the figure would be far higher if it included all the attorneys who contribute services quietly on an individual basis, or who participate in programs not affiliated with a bar association.

The rise of IOLTA, or Interest on Lawyer Trust Account, programs this past decade has likewise helped to ease the crisis resulting from the decline in federal funds. IOLTA programs, administered by state-authorized agencies in each state, collectively generated $29.9 million for civil legal services for the poor in calendar year 1988 and $32.3 million in 1989. There are problems in relying upon IOLTA as an ongoing source of predictable funding (as banks develop the ability to sub-account for the interest generated by these funds, the interest may be paid to individual depositors rather than the IOLTA programs; changes in the real estate market in a particular area or in interest rates generally can have a dramatic affect on the amount of income generated; and decisions about allocations of IOLTA funds between a variety of activities can and do vary within each state); but obviously these funds have made a significant contribution to the provision of civil legal services to the poor in recent years.

The bottom line, however, is that as a nation we are devoting fewer resources to providing legal services for the poor than we were a decade ago. The increased pro bono contributions of lawyers and the rise of IOLTA funds have not been sufficient to make up for the decline in federal funding.

If we as a nation had been meeting all or substantially all the legal needs of the poor in FY'81, a decline in resources, while undesirable and unfortunate, would not have had the severe effect it has in fact had. But only a small fraction of the legal needs of the poor were being met in FY'81 -- an estimated 20%. Recent comprehensive surveys and studies in a variety of states -=- Maryland, Minnesota, New York and others -- have consistently demonstrated that only between 15% and 20% of the legal needs of the poor in those states are now being met. A pilot national civil legal needs survey of low income people, conducted by an independent research firm for the American Bar Association a year ago, established that the problem is pervasive. The study concluded that in 1987 there were approximately 4.9 million civil legal problems for which low income households had legal assistance and 19 million civil legal problems for which there was no legal help -- a ratio of about 20% to 80%.

The American Bar Association believes the federal support for legal services to the poor should be increased to the level it was approaching in FY'81 -- sufficient funding to provide two attorneys for each 10,000 poor persons. We understand that federal budgetary restraints would prevent this happening in one or two years; we recommend, however, that Congress set a goal of providing such a "minimum access" level of funding and begin to move toward it.

For FY'91, we recommend a figure of $401.1 million. This figure represents an effort to restore some, but far from all, the decline in real federal funding due to inflation. The figure is based upon the FY'85 appropriation of $305.5 million, as adjusted for inflation in the intervening years. We note that our figure is close to that recommended by the House Judiciary Committee for budget purposes -- $400 million.

When the unmet legal needs are so manifestly great, either figure is admittedly inadequate and arbitrary. But we believe Congress should demonstrate in a very tangible way that it is committed to supporting a meaningful and effective program of legal services for the poor. We are convinced that these funds can be absorbed and used effectively and efficiently by the 320 program grantees around the country. We urge you to appropriate $401.1 million for the Legal Services Corporation for FY'91.

AARP

STATEMENT

OF

THE AMERICAN ASSOCIATION OF RETIRED PERSONS

ON

FY 1991 COMMERCE, JUSTICE, STATE, AND JUDICIARY APPROPRIATIONS

BEFORE THE

SUBCOMMITTEE ON COMMERCE, JUSTICE, STATE AND JUDICIARY

OF THE

COMMITTEE ON APPROPRIATIONS

U.S. HOUSE OF REPRESENTATIVES
April 6, 1990

American Association of Retired Persons 1909 K Street, N.W., Washington, D.C. 20049 (202) 872-4700

Louise D. Crooks *President* Horace B. Deets *Executive Director*

Mr. Chairman and Members of the Subcommittee, the American Association of Retired Persons appreciates the opportunity to submit written testimony on the Fiscal Year (FY) 1991 Commerce, Justice, State and Judiciary Appropriations Act. This testimony will focus on funding and related issues for the Legal Services Corporation and on certain issues pertaining to the EEOC.

LEGAL SERVICES CORPORATION

AARP wishes to commend this subcommittee for its continued support of legal services. These services are crucial because the high cost of private legal assistance continues to be a major problem for all age groups, including older Americans. Your efforts have made it possible for more low-income persons to obtain the legal representation that they desperately need.

A significant proportion of older Americans must still fend for themselves when a legal problem arises, whether it involves litigation, understanding the technicalities of federal benefit programs or just planning their personal affairs.

This point was reaffirmed in a national survey of 2,001 persons 45 years of age or older which was conducted in December 1987 by Hamilton, Frederick and Schneider for AARP. Based on survey results, it is estimated that funding from the Legal Services Corporation (LSC) and the Older Americans Act would have to triple to meet the unmet need for legal assistance for persons aged 60 and older. Obviously, this is not possible, given current budget deficit problems.

However, we do urge this Subcommittee to provide, at a minimum, an increase to keep pace with inflation in order that legal services projects can at least maintain their caseloads. Ideally, we would hope that appropriate adjustments could also be made for inflation during the last five years -- along the lines recommended by the American Bar Association ($401.1 million). We fully recognize that it may be necessary to achieve this objective on an incremental basis because of budgetary considerations.

Also, the Association urges the Subcommittee to include report language to direct LSC to fund demonstration outreach projects to serve hard-to-reach clients, such as the homebound or those who are institutionalized. These persons continue to be woefully underrepresented in legal services program.

AARP supports competition for government funded grants under normal circumstances. However, the relationship between LSC and its grantees over the past eight years has been anything but normal. For this reason, AARP supports the provisions included in the FY1990 Commerce, Justice, State & Judiciary Appropriations Act requiring that competitive bidding be implemented only when LSC has a board composed of members nominated by the President and confirmed by the Senate. When conditions permit implementation of competitive bidding, appropriate safeguards should be established to ensure a fair, competitive system.

The Association continues to have serious concerns regarding some amendments that were offered to the FY1990 appropriations bill and hopes that they would be rejected if offered again this year. These possible amendments include the following:

o Private Funds

The amendments concerning private funds would prohibit the use of such funds for certain activities conducted by LSC grantees and subgrantees.

For instance, private funds could not be used to provide legal services to older people with incomes above the LSC income guidelines. This restriction would seriously impede the delivery of legal services to older people. AARP currently funds six statewide Hotlines for Older Americans with its own funds. Four of these Hotlines are operated by separate organizations under contract with AARP. One of these contractors is an LSC grantee and another is an LSC subgrantee. The Hotlines provide unlimited, free legal advice and brief services by toll-free telephone lines to all people aged 60 and older, regardless of their income or affiliation with AARP. The passage of the private funds amendment would prohibit these two contractors from using AARP dollars ("private funds") to operate these Hotlines.

While the example is drawn from AARP's experience, the restrictions on "private funds" are likely to inhibit other innovative approaches to serve the legal needs of low-income people.

o Restrictions on Types of Services Provided

Some of the amendments would establish cumbersome procedures that must be followed in certain cases. Examples are special procedures for handling cases involving migrant workers and agricultural employees and the requirement that the board of directors of LSC grantees would have to approve each class action suit as well as certain other litigation. If enacted, these amendments would encourage other special interest groups to lobby Congress for restrictive requirements or prohibitions on litigation adverse to the interest group. They would create

serious barriers to expeditious action at a time when the board of directors could not be readily convened.

Further, these provisions and certain others, such as the proposal to require detailed timekeeping records on case services, would force legal services programs to use declining dollars on paperwork or administrative tasks rather than on serving the client. Procedural directives like these run counter to the overall trend in government in recent years to reduce red-tape and excessive reporting requirements.

EEOC

AARP appreciates the consistent and firm support of this Committee for protecting older workers' rights to be free of age-based employment discrimination. An amendment to the FY 1988 Commerce, Justice, State and Judiciary Appropriations bill and incorporated in the FY 1988 Continuing Resolution suspended the EEOC's rule that would have permitted employees to waive their rights under the Age Discrimination in Employment Act (ADEA) without supervision by the EEOC or the courts. 29 CFR & 1627.16. This rule was in direct conflict with the language and purposes of the ADEA and its incorporation of the procedures under the Fair Labor Standards Act (FLSA). The amendment suspending the rule -- which also prohibits the EEOC from using any funds for purposes of otherwise giving effect to a policy in support of unsupervised waivers -- restored important rights granted to older workers under this law. This suspension was continued in FY 1989 and 1990.

Bipartisan legislation is pending in both the Senate and the House that would suspend the EEOC's regulation on a permanent basis and spell out in clear terms for employers, employees and the courts the requirements for a valid ADEA waiver. This legislation has been reported by the Senate Labor & Human Resources Committee and the House Education and Labor Committee and is awaiting action on the floor in both chambers. (In the Senate, a compromise version of this legislation has been amended to S. 1511, the Older Workers' Benefit Protection Act; in the House, H.R. 1432 has also been amended to the Older Workers' Benefit Protection Act, H.R. 3200.)

The amendment suspending the rule has provided significant impetus for movement of the legislation to deal with this issue on a permanent basis. AARP therefore believes that, pending passage of such legislation, it is imperative to continue the amendment to the EEOC's appropriation for FY 1991. Lapsing of the suspension at this time would hinder the significant and successful efforts by Congress and interested parties to work out an equitable solution to the problem of ADEA waivers that both protect the rights of older workers and the interests of their employers.

Another issue of concern under the ADEA is the study to be conducted by the EEOC and the Department of Labor on the efficacy of physical and mental fitness tests as a measure of one's competency to be a public safety officer. This study was required by the ADEA Amendments of 1986, which eliminated mandatory retirement based upon age, but contained an exemption for seven years (to expire in 1993) for state and local public safety officials (police officers, firefighters and prison guards).

In FY 1990, Congress for the first time appropriated significant funds ($1 million) to conduct this statutorily-required study. AARP urges the Congress to appropriate sufficient funds for FY 1991 in order to conduct a thorough examination of this important issue and to ensure that this study is completed within the deadline.

WEDNESDAY, MARCH 28, 1990.

FEDERAL COMMUNICATIONS COMMISSION

WITNESS

CHARLES GRAY, ASSISTANT GENERAL COUNSEL, NATIONAL ASSOCIATION OF REGULATORY UTILITY COMMISSIONERS

Mr. SMITH. The next witness is Charles Gray.

Mr. GRAY. Thank you, Mr. Chairman.

My name is Charles Gray and I am the Assistant General Counsel for the National Association of Regulatory Utility Commissioners, commonly known as, NARUC. We represent the State Public Utility Commissions, all of the state public utility commissions are members of our association.

Briefly, I would just like to summarize my written statement which we have submitted for the record, and in which we request that $168,000 for the Federal Communications Commission 1991 budget, to be earmarked for the expenses of joint boards, that the FCC now has operating through the various state commissions.

Briefly, the joint boards have been established by acts of Congress in 1934 and 1971, and indeed, in 1971, the Congress required that the FCC refer certain issues to joint boards. A joint board is a body comprised of four state and public utility commissioners and three FCC commissioners. And issues overlapping both jurisdictions dealing with accounting practices and things like that are required by law, to be referred to one of these bodies.

And accordingly, they meet periodically to resolve the very important communications issues that are now before both the FCC and the state commissions.

In recent years, the joint boards have taken on important issues such as jurisdictional reporting of access traffic, life-line assistance for the poor to have telephones, the operation of interstate toll settlements and the link-up America program to install telephone service for low-income residential consumers of telephone services.

We estimate that it costs about $16,000 to have a meeting, here in Washington, for the joint board; this involves bringing in 11 state staff people, as well as four state commissioners. And in the next year, the joint board will be confronting many major issues and they plan to convene 10 meetings.

We would also ask that the funding be earmarked so that the money will go for the expenses of the state personnel on the joint boards staff.

As it now stands, the expenditure of state resources in this effort is substantial. The full salaries of all of the joint board staffers are paid by the state commissions, yet, they spend an average of about one-forth of their time on joint board matters, as well provide some of the travel themselves, when they meet prior to the meetings.

Last year, the FCC allocated only $20,000 to defray joint board travel expenses, down from $35,000 in 1989, which was $80,000 short of $100,000 that Congress consistently appropriated in prior years. As a result, needed meetings have not been held because of the budget shortfall.

Just to conclude, we believe that state participation in the joint board process is essential to determine crucial communications issues because the state officials that we represent are uniquely situated to assess the needs of their consumers and to balance the competing interest that the changing telephone market is causing.

We also believe, however, that the Federal Government benefits as well. The FCC can use the state commissioners as their eyes and ears in the field, as it were, it conserves the use of FCC staff and it strengthens Federal/State cooperation which we believe is a worthy goal.

Unfortunately it would be inappropriate for a few state commissions, with limited travel budgets, to bear the expenses of this when it is a national program of national benefit.

Thank you.

[The statement of Mr. Gray follows:]

UNITED STATES HOUSE OF REPRESENTATIVES
COMMITTEE ON APPROPRIATIONS
SUBCOMMITTEE ON
COMMERCE, JUSTICE, STATE AND THE JUDICIARY

TESTIMONY OF

CHARLES D. GRAY
ASSISTANT GENERAL COUNSEL

ON BEHALF OF THE

NATIONAL ASSOCIATION OF REGULATORY UTILITY COMMISSIONERS
1102 INTERSTATE COMMERCE COMMISSION BUILDING
TWELFTH STREET AND CONSTITUTION AVENUE, N.W.
POST OFFICE BOX 684, WASHINGTON, D.C. 20044
TELEPHONE (202) 898-2200

ON

FEDERAL COMMUNICATIONS COMMISSION APPROPRIATIONS FOR THE 1991 FISCAL YEAR

MARCH 28, 1990

ORAL STATEMENT (5 minutes):

Mr. Chairman and members of the Subcommittee, my name is Charles Gray and I am the Assistant General Counsel of the National Association of Regulatory Utility Commissioners on whose behalf I appear today.

The NARUC is a quasi-governmental, nonprofit organization founded in 1889. Within our membership are the governmental agencies of the fifty States, the District of Columbia, Puerto Rico and the Virgin Islands which are engaged in the regulation of utilities and carriers. Our chief objective is to serve the consumer interest by seeking to improve the quality and effectiveness of government regulation in America.

The NARUC appreciates this opportunity to testify on the need for funding for the Federal-State Joint Boards as part of the appropriation for the Federal Communications Commission in fiscal year 1991.

At this time, I would like to submit for the record, my formal written testimony on behalf of the NARUC in which we request that $168,000 of the FCC's FY1991 budget be earmarked to offset the expenses of the joint boards. I refer you to this document which sets forth in greater detail the compelling need for this appropriation.

For present purposes, I would merely like to underscore the major reasons why this appropriation should be made and indicate the substantial interests at stake in the entire joint board process. Having closely observed this process for many years, I can personally attest to the importance of this tribunal in resolving nettlesome and contentious telecommunications regulatory issues.

The Communications Act of 1934 grants the FCC regulatory authority over telecommunications services provided over State lines. Services that are purely intrastate are reserved for State regulatory bodies. Recognizing that not all regulatory matters are easily delineated as being either interstate or intrastate, Congress included in the '34 Act a section (Section 410) providing for Federal-State joint boards as a forum for the resolution of communications issues that impact on both the State and interstate jurisdictions. This section also authorizes appropriations for the travel expenses incurred by members of the boards in the course of their duties.

Later, in 1971, the Congress enacted the Federal-State Communications Joint Board Act (Public Law No. 92-131) which expanded on Section 410 by explicitly requiring that issues involving the jurisdictional separation of telephone plant, expenses, and revenues be decided, in the first instance, by a joint board. In addition, the 1971 amendment grants discretionary authority to the FCC to refer other issues of joint Federal-State concern to a joint board. Congress' determination that this body be comprised of four State regulatory commissioners and three FCC commissioners evidences the strong congressional will to have significant State input into joint board decisions.

Over the past few years, we have seen joint boards consider such diverse issues as jurisdictional reporting of access traffic, lifeline assistance for the disadvantaged, the operation of the interstate toll settlements pool, high cost fund assistance to small rural exchange carriers, Link-Up America installation assistance, and Alaska rate integration, among others. The fact that these initiatives have withstood judicial scrutiny and congressional review, attests to the eminent reasonableness and correctness of decisions emanating from the joint board process.

I have read with considerable interest the results of a Congressional Research Service study into the record of the FCC in defending its decisions in the U.S. Court of Appeals between 1986 and 1988. As you may be aware, this study found that almost one fourth of all FCC orders challenged during that period were reversed or remanded by the courts.

While FCC decisions that have been fashioned through the joint board process have also been the subject of challenge in the courts, we are unaware of any court having ever reversed or remanded a decision made by the joint board. This speaks to the nature of joint board decisions which tend to incorporate many views rather than the ideology of an FCC majority.

The Main Joint Board recently assumed the monumental task of publishing quarterly a comprehensive monitoring report that tracks a variety of developments that are currently impacting on the telephone industry and consumers to ensure that the transition to more cost based rates will not adversely affect our prized goal of universal service. This commitment requires the continuous and recurring efforts of some 19 State and FCC professional staff members to sift through piles of data, compile meaningful statistics and reports to describe developments, and to make responsible and informed judgments about the data's implications. The monitoring report represents but one of many tasks undertaken by joint boards to promote and protect the public interest.

The expenditure of State resources in this effort is substantial. While the full salaries of joint board staffers are paid by their State commissions, an average of one-forth of their time is spent on joint board matters. In fact, the States' in-kind contribution well exceeds the modest appropriation for travel funds requested today.

Last year, this Subcommittee did not include FCC appropriations in its appropriations bill. Instead, FCC funding was included during conference with the Senate. Joint board travel expenses were not given specific mention in the bill although they were enthusiastically supported in Senate Committee report language. Unfortunately, the FCC allocated only $20,000 to defray joint board travel expenses in fiscal year 1990 -- down from $35,000 in FY1989 and $80,000 short of the $100,000 Congress had consistently appropriated in prior years. Needed meetings are not being held because of this budget shortfall.

In fiscal year 1991, the joint boards anticipate ten meetings. With the travel costs of joint boards averaging $16,800 per meeting in Washington (expenses are higher if the meetings are held elsewhere, as FCC travel would be included), the FCC will require $168,000 to fund these important meetings. The NARUC respectfully urges this Subcommittee to continue its support for the joint board process by specifically earmarking $168,000 in the FCC budget to make its meetings possible.

State involvement is essential to determining crucial telecommunications issues because State officials are uniquely situated to assess the needs of their consumers and to balance any competing interests. Moreover, the Federal government benefits in convening Joint Boards by acquiring the benefit of State expertise, conserving the use of Federal officials and strengthening Federal-State cooperation. It would be inappropriate for a few State commissions with limited travel budgets to bear the travel, food and lodging expenses of the cooperating commissioners and staff when the service they provide is of national benefit.

Thank you for your consideration and your kind invitation to appear before you today.

WRITTEN STATEMENT:

This statement is submitted for the record of the Subcommittee on Commerce, Justice, State, and the Judiciary of the House Committee on Appropriations on behalf of the National Association of Regulatory Utility Commissioners (NARUC).

The NARUC is a quasi-governmental, nonprofit organization founded in 1889. Within our membership are the governmental agencies of the fifty States, the District of Columbia, Puerto Rico and the Virgin Islands which are engaged in the regulation of utilities and carriers. Our chief objective is to serve the-consumer interest by seeking to improve the quality and effectiveness of government regulation in America.

The Association appreciates this opportunity to request your support for funding to defray the travel expenses of the State commissioners and supporting staff of the two Federal Communications Commission Federal-State Joint Boards (CC Docket Nos. 78-72 and 80-286 and CC Docket No. 83-1376) which will be meeting during the 1991 fiscal year. [See Appendix for list of Joint Board members.]

Introduction

The Communications Act of 1934 grants the FCC regulatory authority over telecommunications services provided over State lines and reserves regulatory jurisdiction over services that are purely intrastate for State regulatory agencies. Recognizing that not all regulatory matters are easily delineated as being either interstate or intrastate, Congress included in the '34 Act Section 410 providing for Federal-State joint boards as a forum for the resolution of communications issues that impact on both the State and interstate jurisdictions. This section also authorizes appropriations for the travel expenses incurred by members of the boards in the course of performing their duties.

Later, in 1971, the Congress enacted the Federal-State Communications Joint Board Act (Public Law No. 92-131) which expanded on Section 410 by explicitly requiring that issues involving the jurisdictional separation of telephone plant, expenses, and revenues be decided, in the first instance, by a joint board. In addition, the 1971 amendment grants discretionary authority to the FCC to refer other issues of joint Federal-State concern to a joint board. Congress' determination that this body be comprised of four State regulatory commissioners and three FCC commissioners evidences the strong congressional will to have significant State input into joint board decisions.

Over the past few years, we have witnessed an ever greater variety of issues being initially decided by Federal-State joint boards. The FCC's willingness to refer more and more discretionary issues to joint boards for resolution probably reflects the FCC's own satisfaction with this process and the soundness of its decisions. Thus, we have seen joint boards consider such diverse issues as jurisdictional reporting of access traffic, lifeline assistance for the disadvantaged, the operation of the interstate toll settlements pool, high cost fund assistance to small rural exchange carriers, Link-Up America installation assistance, and Alaska rate integration, among others.

On policy questions of State and Federal concern, joint boards have provided an eminently more efficient and congenial alternative to constant appeals by State regulatory commissions of FCC decisions. Indeed, the travel expenses of Joint Board members and staff probably pay for themselves in saved Federal court time and costs.

It is interesting to note that a Congressional Research Service study revealed that of the 350 FCC Orders to be challenged between 1986 and 1988, 80 of the decisions, or roughly 23 percent, were reversed or remanded by the U.S. Court of Appeals. While most orders from the Joint Boards are challenged in the Court of Appeals, not one Commission decision fashioned through the Joint Board process has ever been reversed. This speaks to the nature of Joint Board decisions which tend to incorporate many views rather than the ideology of an FCC majority.

The Main Joint Board

The main joint board (CC Docket Nos. 78-72 and 80-286), which considers jurisdictional separations matters, will continue to look at some of the most politically sensitive issues in telecommunications in FY91 including the allocation of the costs of new services between the State and Federal jurisdictions and comprehensive monitoring of the effects on industry and consumers of recent increases in the monthly subscriber line charge.

The influence of the States in achieving a compromise to the FCC's subscriber line charge plan is perhaps the most telling example of the Joint Board's immeasurable contribution to consumers and the nation as a whole in developing national telecommunications policy. Subscriber line charges, monthly fees on all local telephone company bills, recover a portion of the fixed costs of the local exchange that were once recovered through long distance rates.

In 1987, the State members of the Main Joint Board were under pressure from the FCC and the telephone industry to quadruple the $2.00 fee. While the States generally favored the less regressive per-minute charge to interexchange carriers (which would be reflected in long distance rates), the telephone exchange industry, with the full support of the FCC, proposed to further raise the monthly charge from $2 to $3 in the summer of 1987, to $4 in January of 1988, and eventually to the level high enough for full recovery of the fixed costs, which was estimated to be approximately $8 per month on a national average.

After lengthy and highly publicized negotiations between the Federal and State commissioners, the Joint Board agreed on a package of proposals. While not incorporating the exact provisions advanced by State regulators, the Board's recommendations were dramatically different from the FCC and industry proposals. Not only were subscriber line charge increases spread over a longer period of time, but the Board agreed to forever cap the charge at $3.50, less than half the $8.00 sought by the industry. As a direct result of State advocacy, the Board also required a comprehensive monitoring program to assess the effects of SLC increases on consumers and industry with quarterly reports to the NARUC and the Congress, and it established the popular Link Up America program which pays half of low-income customers' telephone service installation charges up to $30 and reimburses telephone companies for any interest costs associated with deferred payment schedules for service installation. Currently 41 States and the District of Columbia are providing Link Up assistance.

In the NARUC's view, this compromise between the States and the FCC is a prime example of the Joint Board process at its best. The compromise should result in a 15 percent reduction in long distance rates over the next six years while not endangering universal service by pricing low-income consumers off the local network.

In other areas, the main Joint Board, in 1984, was charged with resolving many issues relating to the divestiture of AT&T and played a critical role in heading off a confrontation between the States and FCC over the separations treatment of equal access and network reconfiguration costs. In 1985, the Joint Board adopted the Lifeline program under which the FCC matches State assistance to low-income households up to the amount of the Federal subscriber line charge. Twenty-seven States, the District of Columbia and Puerto Rico are currently providing lifeline assistance.

The Alaska Joint Board

In 1985 the FCC created another Joint Board (CC Docket No. 83-1376) to analyze the compatibility of current rate integration policies and competition in the provision of telecommunications service between the contiguous States and Alaska, Hawaii, Puerto Rico and the Virgin Islands. Rates for telecommunications services in those States and territories are not integrated with those of the forty-eight contiguous States. The Alaska Joint Board is analyzing economic and social policy data to determine to what extent urban areas should continue to subsidize rural service and if the United States should continue to maintain nationally averaged rates. These issues are very politically sensitive and have shown clear benefit from the Joint Board process. Naturally, decisions fashioned by a board of Commissioners from the FCC, Alaska and the lower forty-nine States are more likely to reflect concerns of the broad variety of interested parties. During the past year, the efforts of this joint board have been significantly hampered by their inability to meet due to lack of travel funds.

Other Joint Boards

In addition to those described above, joint boards have been established to consider other matters of mutual State and Federal concern. For example, a Joint Board was established in 1985 to determine interstate and intrastate usage of Feature Group A and B minutes of use for computation of access charges (CC Docket No. 84-124), and another was established in 1986 to conform the Separations Manual to the new Uniform System of

Accounts (CC Docket No. 86-297). In 1987, the USoA Joint Board completed its work simplifying the Separations Manual which should result in significant administrative cost savings which will be passed on to consumers through lower rates. The Main Joint Board will monitor the impact of these changes as it looks at the effects of the subscriber line charge.

Joint Board Travel Expenses

Joint Boards will continue to play an active role in future telecommunications policy decisions. Since the issues assigned to the boards are of national scope, their efforts require a significant amount of travel by the State members and their staff to Washington, D.C. and by all Joint Board members and their staff to other parts of the country.

The expenditure of State resources in the joint board process is substantial. While the full salaries of the 23 joint board members and staff are paid by their State commissions, an average of one-forth of their time is spent on joint board matters. In fact, the States' in-kind contribution well exceeds the modest appropriation for travel funds we request.

Due to the significantly expanded monitoring role the main Joint Board has undertaken and the full agenda of the Alaska Joint Board, the NARUC respectfully requests that Congress appropriate $168,000 for FY91 to defray the travel expenses of Joint Board members and their staffs. Section 410(a) of the Communications Act provides the necessary authorization for the appropriation of these funds.

In fiscal year 1991, the joint boards anticipate ten meetings: six meetings for the board considering separations matters and four meetings for the Alaska rate integration joint board. With the travel costs of joint boards averaging $16,800 per meeting in Washington (expenses are higher if the meetings are held elsewhere, as FCC travel would be additional), the FCC will require $168,000 to fund these important meetings. The NARUC respectfully urges this Subcommittee to continue its support for the joint board process by specifically earmarking $168,000 in the FCC budget to make its meetings possible.

Last year, this Subcommittee did not include FCC appropriations in its appropriations bill. Instead, FCC funding was included during conference with the Senate. Joint board travel expenses were not given specific mention in the bill although they were enthusiastically supported in Senate Committee report language (S.Rpt.101-144). Unfortunately, the FCC allocated only approximately $20,000 to defray joint board travel expenses in fiscal year 1990 -- down from $35,000 in FY1989 and $80,000 short of the $100,000 Congress had consistently appropriated in prior years. Needed meetings are not being held because of this budget shortfall.

State involvement is essential to determining crucial telecommunications issues because State officials are uniquely situated to assess the needs of their consumers and to balance any competing interests. Moreover, the Federal government benefits in convening Joint Boards by acquiring the benefit of State expertise, conserving the use of Federal officials and strengthening Federal-State cooperation. It would be inappropriate for a few State commissions with limited travel budgets to bear the travel, food and lodging expenses of the cooperating commissioners and staff when the service they provide is of national benefit.

Conclusion

At a time when the telecommunications industry is undergoing a dramatic transformation it is imperative that Federal and State regulatory bodies continue to work together to implement the impending changes and ensure a smooth transition without disruption in services to the public. In order to maintain effective State participation in these efforts, the NARUC respectfully urges the Subcommittee's support for an $168,000 appropriation to defray the expenses of the State commission and staff members of the Federal-State Joint Boards.

APPENDIX
STATE MEMBERS OF FEDERAL-STATE JOINT BOARDS

Federal-State Joint Board on MTS and WATS Market Structure and Amendment of Part 67 of the Commission's Rules (FCC CC Docket Nos. 78-72 and 80-286)

George H. Barbour, New Jersey (10/7/86-6/30/92)
Ronald L. Lehr, Colorado (8/14/87-6/30/90)
Thomas M. Beard, Florida (9/26/89-6/30/92)
William E. Long, Michigan (3/7/90-6/30/91)

Staff Committee for Federal-State Joint Board (FCC CC Docket Nos. 80-286 and 78-72)

Ronald G. Choura, Michigan, Chair
Elton Calder, Georgia
Rowland L. Curry, Texas
Charles D. Gray, NARUC, Observer
Frederick Sistarenik, New York
Diane Hockman, Ohio
Joel B. Shifman, Maine
Carl F. Hunt, Jr., Colorado
Robert B. Capshaw, North Carolina
Paul Pederson, Missouri
Michael Gallagher, New Jersey
Dean Evans, California
Brenda Buchan, Florida

Federal-State Joint Board on Integration of Rates and Services for the Provision of Communications by Authorized Common Carriers between the Contiguous States and Alaska, Hawaii, Puerto Rico and the Virgin Islands (FCC CC Docket No. 83-1376)

Bruce Hagen, North Dakota (1/6/86-1/6/92)
Susan M. Knowles, Alaska (9/15/87-1/6/91)
Nels J. Smith, Wyoming (9/15/87-1/6/92)
William E. Long, Michigan (7/8/88-1/6/90)

Staff Committee for Federal-State Joint Board (FCC CC Docket No. 83-1376)

Ronald G. Choura, Michigan PSC, Chair
Timothy J. Devlin, Florida
Rowland L. Curry, Texas
Lorraine Plaga, Alaska
Charles D. Gray, NARUC, Observer
Carl E. Hunt, Jr., Colorado
Mike Korber, Wyoming
Allen Roll, North Dakota

Mr. SMITH. Do all states have a utility commission?

Mr. GRAY. Yes, sir.

Mr. SMITH. And they deal separately with these issues or is it—

Mr. GRAY. Some of the issues, sir, are—for example, the cost of telephone has both interstate components and intra-state components. And the costs need to be allocated among the individual states and what goes to the FCC and that is what this joint board, the major joint board issues are.

Mr. SMITH. Thank you for presenting your testimony.

Mr. GRAY. Thank you.

WEDNESDAY, MARCH 28, 1990.

NOAA PROGRAMS AND NOAA NATIONAL UNDERSEA RESEARCH PROGRAM

WITNESSES

JAMES CATO, DIRECTOR, FLORIDA SEA GRANT COLLEGE PROGRAM ON BEHALF OF SEA GRANT ASSOCIATIONS

DAVIS ROSS, DIRECTOR, WOODS HOLE OCEANOGRAPHIC INSTITUTION SEA GRANT COLLEGE PROGRAM

Mr. SMITH. Dr. Cato?

Dr. CATO. Thank you, Mr. Chairman for allowing me to submit testimony on behalf of the Sea Grant Associations and the Marine Division of the National Association of State Universities and Land-Grant Colleges. I am Jim Cato, professor at the University of Florida and Director of the Florida Sea-Grant College Program for the State University System of Florida and President-elect of the Sea-Grant Association.

I have submitted written testimony and will summarize briefly for you the main points.

We have also developed a series of statements on the overall NOAA budget which we would like to submit for the record at this time.

First, I would like to thank you and this committee for your support for the National Sea-Grant College Program; because of you, we are still here. You kept faith in us over a long and difficult decade and we have continued to respond by creating annual economic benefits to the nation from this program that are more than 20 times the annual appropriation.

We continue to base our request to you on the fact that we provide needed information to the nation. We are pleased for the first time, since 1981, to be included in the Administration's budget request for NOAA. However, that request does not include funding for our marine advisor service, without which we cannot determine the needs to the public and deliver back to them the scientific results we developed in a forum in which they can use.

Thus, we are asking for an increase of $10 million to bring our core program to $51 million in 1991 for the following four uses: Environmental research on marine eco-systems and to fully fund our marine advisor service and expand it with specialists to focus on water quality and habitat problems.

Research and marine advisor service business programs to focus on such coastal businesses as marinas, to ensure balanced regional and national growth.

Competitive catch-up funding for small new sea-grant colleges and a 5 percent inflation increase, continuing the process you begun last year.

Our strategic marine research program needs initiation at $5 million to run special focus work on two areas. One, fish and shellfish diseases as they affect both the productivity of the resource and human health; and two, ways to control exotic species such as the Zebra Mussel.

Sea-grant's trademark is strong program rationale using cutting edge science and educational methods and involving the users in our work, continues to pay off. We continue to be the only national coastal and marine science program that addresses public, as well as scientific concerns, that is a total research education, technology transfer and advisor service grass-roots approach to problem solving.

I would like to note for you two examples of our recent achievements which point out the success of our combined research and marine advisor service efforts.

In Florida, we have shown several counties how to remove blue crab processing wastes from landfills and produce composts for agricultural applications. Wakulla County has, in the past, used one-fourth of its entire landfill budget to handle blue crab processing wastes. This expenditure is no longer necessary since the wastes are now turned into a useful product which is being tested on tomatoes and for use as a soil amendment and supplemental since crab shells contain chitin, which is a natural nematode control.

In New York, sea-grant research and advisor specialists have, according to Eastman Kodak Company, saved them tens of thousands of dollars annually by developing a method to produce variations in industrial water quality and eliminate the critical impact that water quality variation was having on Kodak's high-tech manufacturing processing.

Sea-grant helped define the problem and began the initial research which was then continued by mostly Kodak funding.

We are proud of our past achievements, pleased to be back in the NOAA budget, and ever grateful to this committee for your long-standing support of sea-grant.

Funding our request to you today, will not only strengthen the sea-grant network but will contribute substantially to this nation's ocean, coastal and fishery resources and the people who use and enjoy them.

Thank you.

Mr. SMITH. Thank you.

[The statement of Dr. Cato and addition materials follow:]

WRITTEN STATEMENT

BY PROFESSOR JAMES C. CATO
DIRECTOR
FLORIDA SEA GRANT COLLEGE PROGRAM
UNIVERSITY OF FLORIDA
FOR THE
STATE UNIVERSITY SYSTEM OF FLORIDA

ON NATIONAL SEA GRANT COLLEGE PROGRAM APPROPRIATIONS

FOR FY 1991

PRESENTED TO THE APPROPRIATIONS SUBCOMMITTEE ON

COMMERCE, JUSTICE, STATE, THE JUDICIARY
AND RELATED AGENCIES

U. S. HOUSE OF REPRESENTATIVES

MARCH 28, 1990

ON BEHALF OF THE

NATIONAL ASSOCIATION OF STATE UNIVERSITIES AND LAND GRANT COLLEGES

AND THE

SEA GRANT ASSOCIATION

INTRODUCTION

Thank you, Mr. Chairman, for the opportunity to submit testimony on behalf of the Sea Grant Association (SGA) and the Marine Division of the National Association of State Universities and Land Grant Colleges (NASULGC). I am Dr. James C. Cato, Professor and Director of the Florida Sea Grant College Program, and President-elect of SGA. The SGA consists of 40 colleges, universities, research centers, industries and consortia, all dedicated to enhancing the nation's capability to develop, use and manage our marine resources. NASULGC is composed of 149 colleges and universities with a total enrollment of about 3 million students.

These institutions bestow a majority of the graduate degrees granted in this country. We submit this testimony in support of the National Sea Grant College Program, which serves as a network of over 270 colleges and universities throughout the nation. The program has built an efficient network that effectively enhances the vital partnership between the nation's universities, industry, the public and federal and state governments. It generates and widely disseminates new, relevant information fundamental to more effective natural resources and environmental management policy.

I would like to thank the Chairman and this Committee for your support of the National Sea Grant College Program. You kept faith in us over a long and difficult decade, and we are delighted that this year, for the first time since 1981, the Administration budget submittal for NOAA includes a request for a Sea Grant appropriation. We are also pleased that the overall NOAA budget, reflecting your strong past support, is broad, strong and forward-looking. We urge you to continue your strong support of NOAA.

My testimony which follows contains our FY91 appropriations request, the justification for that request, and points out a special concern that we have regarding support for our marine advisory services. It concludes with two examples showing recent Sea Grant achievements along with a special plea for enhancing the ocean budget of the "new NOAA".

NATIONAL SEA GRANT COLLEGE PROGRAM
APPROPRIATIONS REQUEST: FY 1991

The Sea Grant community requests an FY 1991 appropriation of $51 million for the Core Program and $5 million to begin implementation of the Strategic Marine Research Program. This request represents an increase of $15 million over the current FY 1990 appropriation of $41 million and is based on programmatic needs and feedback from the national marine community.

Core Program:$51 Million

Given the intense economic, population, and environmental pressures along the Nation's coasts and Great Lakes, the additional increment of $10 million for the core program would be used to begin implementation of the following activities in support of balanced economic growth and enhanced environmental productivity:

- Marine environmental research directed at improving our knowledge of ecosystems and at the restoration and enhancement of our marine productivity and an expansion of our national network of marine advisory specialists to include education, technology transfer and problem solving capabilities on water quality and habitat problems.
- Coastal economic development research and marine advisory service coastal business programs to provide public education and technology transfer for balanced regional and national economic growth.
- Competitive "catch-up" funding for small/new Sea Grant Colleges (e.g., Connecticut, Minnesota, New Jersey, Ohio, Puerto Rico and South Carolina) to enable them to perform the full range of Sea Grant College research, education and marine advisory services activities, in keeping with the original intent of Congress and of the Sea Grant College designation.
- A 5% inflation increase to the current $41 million appropriation, continuing the process begun last year to counter the increasingly significant impact of inflation, particularly on education programs and vitally-needed graduate student support.

Strategic Marine Research Program:$5 Million

Initiate two Strategic Marine Research Program initiatives on areas of major public and resource concerns that require intensive coordinated effort:

- Fish disease initiative: seek knowledge to allow the prevention and treatment of diseases affecting both cultured and wild stocks of commercial and recreational value. Initial emphasis will be on shellfish disease, especially the problems of oyster mortality and related concerns as they affect the productivity of the resource and human health.
- Exotic species initiative: examine both planned and unintentional introduction of non-native species of marine life, in order to improve: 1) knowledge of the impacts on natural ecosystems; 2) means of preventing unintentional introductions; and, 3) remedial measures where unintended introductions have occurred. Special initial emphasis will be given to the zebra mussel problem on the Great Lakes.

JUSTIFICATION

This request is based on Sea Grant's proven ability to respond to national needs concerning marine resources and the environment with a broad-based program that combines quality science with educational and outreach strategies. **SEA GRANT IS THE ONLY NATIONAL MARINE SCIENCE PROGRAM THAT ADDRESSES PUBLIC AS WELL AS SCIENTIFIC CONCERNS AND THAT HAS A TOTAL RESEARCH, EDUCATION, TECHNOLOGY TRANSFER AND ADVISORY SERVICE "GRASSROOTS" APPROACH TO PROBLEM SOLVING.** Our request is based not just on our own assessment of needs, but on the extensive feedback we have received from the broad public with which we deal.

The Core Program

The Congress is well aware of public concern over marine environmental quality and over estuarine and coastal habitat and resource productivity. There is also broad public concern over the intensifying pace of change along the coastline in many areas, while other coastal locations face continued economic decline. These concerns need to be addressed in tandem, for they are vitally linked. Sea Grant has a long track record in dealing with similar issues and is uniquely suited for the effort that is needed. The response would include research on ecosystem productivity and enhancement. It would also include two major advisory service efforts: 1) establishment of a national network of water quality advisory specialists to assist citizens, local communities, industry and government with education and technology transfer directed at problem solving; and, 2) coastal economic development education and technology transfer programs designed to foster balanced regional and national economic development.

We are also requesting catch-up funding to allow adequate support of recently designated Sea Grant Colleges that have not been sufficiently funded to undertake the full range of research, education and advisory activities that are the hallmark of Sea Grant College status as designated by statute and regulation. Their achievements have been acknowledged, but the reality of a broad-based College program has not been possible for them without cannibalizing the network. Additional funds should allow them to compete for an adequate level of support.

Finally, the impact of ten years' inflation has badly eroded the Sea Grant structure. This impact has been widely felt, but perhaps nowhere more than in educational programs, including support of graduate students. Congress and the Administration are emphasizing the need for increased educational activity on behalf of the environment, scientific literacy, and economic competitiveness. We ask that Congress follow the precedent begun last year of a 5% inflationary increase to help reverse the erosion of educational capabilities.

Strategic Research

The landmark 1987 reauthorization of Sea Grant created the Strategic Marine Research Program to enable intensive, multi-institutional, multi-investigator coordinated responses to critical national issues on a scale beyond the current capacity of the Sea Grant network. It was envisioned that three or four such national initiatives would be underway at any one time, on time scales of 3-6 years each.

Until now, this Congressional initiative has not been implemented. However, the Department of Commerce has now submitted a draft implementation paper to Congress as required by law and has signalled a willingness to undertake the Strategic Research activity.

The two modest startup initiatives on fisheries disease and exotic species have strong scientific and grassroots community support. Initial activity would be directed at shellfish disease concerns, such as the critical oyster mortality problem and the effects of shellfish disease on human health, and at the most pressing exotic species needs, especially preventive measures and the need for a major response to the zebra mussel crisis on the Great Lakes.

The groundwork for these initiatives has been laid, and preliminary work indicates that there is a promising opportunity for response to these problems by the Sea Grant network. We need the resources to do the job.

THE NOAA REQUEST AND MARINE ADVISORY SERVICES

The NOAA budget request includes $27.5 million for Sea Grant. It assumes a $13.3 million cut in support of Marine Advisory Services, with a remaining $200,000 unaccounted for when compared to the current base of $41 million.

THE MARINE ADVISORY SERVICES ACTIVITY IS ONE OF THE GLORIES OF NOAA AND THE SEA GRANT PROGRAM. IT TRANSFERS SCIENCE TO USERS-GOVERNMENT, INDUSTRY AND THE PUBLIC AND TRANSLATES THE NEEDS AND CONCERNS OF USERS BACK TO THE SCIENTISTS. SEA GRANT MARINE ADVISORY SERVICES IS THE PRINCIPAL REASON WHY SEA GRANT IS THE ONLY MARINE SCIENCE PROGRAM IN THE COUNTRY THAT IS USER-ORIENTED. The main problem with Sea Grant Marine Advisory Services is that it has been starved for funds for ten years and thus is not being used to maximum advantage in addressing regional and national needs.

While the budget request language states that only "local" advisory service "agent" activities would be eliminated and that "specialist" and "technology" transfer activities would continue, in fact the magnitude of a $13.3 million cut is such that all advisory service, communications and public education activities would be eliminated. The amount in question is over double the current federal cost of the agent network alone. In addition, the impact on state and local matching support for Sea Grant activities would be considerable.

Congress has repeatedly indicated that it strongly supports Sea Grant Marine Advisory Services. We do not feel that this committee will wish to eliminate this unique educational service program. Equally, the alternatives for a $13.3 million cut are severe. That amount of money is equivalent to the current cost of A) all of the Pacific and Great Lakes Programs combined; OR, B) all of the Atlantic Coast programs from Maine to North Carolina; OR, C) all of the mid-Atlantic, Southeast and Gulf programs, including Puerto Rico; OR, D) all of Sea Grant's fisheries, aquaculture and estuarine research. In other words, a cut of that magnitude will heavily cripple Sea Grant's continuing capacity to respond to national needs on marine resources and environment.

We believe that Congress and the public support an increase in Sea Grant's capability to respond to public needs, rather than a decrease in funding. We also believe that the Department of Commerce and NOAA are strongly in support of Sea Grant's efforts, and we are pleased to once again be an integral part of the NOAA program and budget.

SEA GRANT ACHIEVEMENTS

We have always based our requests to this Committee on our ability to respond to public needs, and each year we have reported to you on achievements. As you are aware, the annual economic benefits to the nation from this program are over TWENTY TIMES the annual appropriation, and this does not begin to include the numerous other environmental, technological, and educational benefits we have provided. This year I want to close my testimony with two examples that both show our continued achievement and that illustrate the capability which additional funding would allow us to bring to bear in the initiative areas we have highlighted in our budget request.

In my own state of Florida, the disposal of blue crab and scallop processing wastes in public landfills has been a major problem. In rural Wakulla county in north Florida, wastes from blue crab processing plants have annually represented about one-fifth of the total waste volume and consumed about 25 percent of the county's solid waste budget. A project directed by Florida Sea Grant using the local marine advisory agent and state agency, academic and private cooperators has shown how to make compost from crab wastes for use in agricultural applications. For a two month period in late 1989 almost 400 tons of crab wastes from three counties were used along with residues from the local wood products industry to make almost 900 tons of compost. The compost is being tested for use on tomatoes as a soil amendment and as a partial nematode treatment (since shellfish contain chitin, a natural nematode control) and a marketing study for the compost has been completed. Wakulla and Taylor counties are now installing their own blue crab waste composting operations as a result of the Sea Grant project and another demonstration project guided by Sea Grant to compost scallop processing wastes is underway in Brevard county on Florida's east central coast. A major and expensive environmental waste problem has been solved by producing a useful product. Earlier Sea Grant work on crab wastes in Massachusetts, Delaware and Washington has led to a number of economic uses of chitin and chitosan, a crab shell derivative. Other composting projects have occurred in Wisconsin and North Carolina. And, removing wastes from landfills contributes to improved water quality which is becoming a major problem in this nation. Networking and problem solving is what Sea Grant is all about.

In New York, variations in Lake Ontario's water quality varied from day to day, season to season and year to year causing critical impacts on the high-tech manufacturing processes of the Eastman Kodak Company. They called on New York Sea Grant's extension specialists for help. Sea Grant quickly developed a two-day workshop on the effect of water quality on industrial and municipal uses. A management level industrial water quality user group was formed, Sea Grant did a needs assessment, scientific questions were developed, and a small amount of Sea Grant funding along with sizable funding from Kodak began a research project to find answers which would help solve the problem. As a result of Sea Grant's quantifying the information, Kodak says that they have gained "real world" useful information, which has allowed them to respond quickly (in most cases less than an hour) to changes in water temperature and turbidity which has resulted in savings to them annually of tens of thousands of dollars. The needs of both science and industry have been served, along with the needs of society, in this cooperative effort. The unique nature of the Sea Grant Program enables it to reach out to all user groups in the marine and Great Lakes communities -- environmentalists and industry alike.

NOAA OCEAN BUDGET REQUEST

We wish to urge your support, Mr. Chairman, for enhancing the ocean budget requested by the "new NOAA". There are many instances where our universities will be developing productive partnerships with NOAA laboratories to accomplish many of the goals outlined in their request. Many of the crucial issues facing our nation, which have been identified in the budget request, can be most efficiently addressed through government/university cooperative efforts. We endorse that concept and stand ready to assist in making it work.

CONCLUSION

Mr. Chairman, we are proud of our past achievements, pleased to be back in the NOAA budget, and ever grateful to this Committee for your longstanding support of Sea Grant. We believe that the request we have submitted will not only strengthen the Sea Grant network but will contribute substantially to the welfare of this nation's ocean, coastal and fishery resources—and of the people who use and enjoy those resources.

Thank you.

National Association
of State Universities
and Land-Grant Colleges

Robert L. Clodius, President

March 28, 1990

The Honorable Neal Smith
Chairman
Subcommittee on Commerce, Justice, and State,
the Judiciary and Related Agencies
Committee on Appropriations
H-309 Capitol Building
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

The Marine Division of the National Association of State Universities and Land-Grant Colleges (NASULGC) respectfully submits for the record the following white papers in support of Dr. James Cato's testimony regarding the FY 1991 National Oceanic and Atmospheric Administration (NOAA) appropriation presented before your Subcommittee on March 28, 1990.

NASULGC represents 149 institutions of higher education which collectively enroll more than 2.6 million students; annually invest more than $33 billion in teaching, research, and public service programs; award over one-half million degrees yearly, including 60% of all U.S. doctorates; and claim more than 17 million alumni worldwide. The Marine Division of NASULGC represents over 90% of the academic marine community.

The NASULGC member institutions wish to thank you for the opportunity to testify before your Subcommittee concerning the NOAA appropriation. Your continued interest in and support of our nation's ocean and coastal resources and the critical scientific knowledge that university research does provide in understanding, managing, and protecting these resources is greatly appreciated.

With best wishes.

Sincerely,

Robert L Clodius
Robert L. Clodius

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National Association
of State Universities
and Land-Grant Colleges

Robert L. Clodius, President

National Association of State Universities and Land-College Colleges
Marine Division

White Paper

General Environment Outlook

The Marine Division of NASULGC is generally supportive of the President's FY 1991 Budget Request as it pertains to general environmental research and development programs. The President's requests for the General Science, Space, and Technology; Energy; and Natural Resources and Environment functions represent a positive, albeit initial, commitment to scientific research. For example, the budget request for the National Science Foundation ($2.404 billion) is consistent with the goal of doubling the NSF budget over a 5-year period. Furthermore, there is considerable support for programs related to climate and global change. For FY 1991, the Administration has requested $1.034 billion for the U.S. Global Change Research Program (USGCRP), a $374.8 million or 57% increase over the FY 1990 congressional appropriation. This co-ordinated research program will be spread primarily over seven agencies including NOAA, NSF, EPA, NASA, and the Departments of Energy, Interior, and Agriculture.

Underpinning the Administration's environmental science requests is the realization that accurate and reliable scientific data are critical to our ability to predict, measure, and understand changes in our global environment. The role of the academic science community in providing such data has traditionally been strong. University research provides a measure of quality control by which policy-makers and regulators at all levels of government can make informed judgements as to the formulation and implementation of sound environmental management policy.

The FY 1991 budget request is a good start by this Administration in following up its verbal commitment to education and the environment. We are encouraged that some agencies which have not traditionally supported university research to any large degree, such as the National Oceanic and Atmospheric Administration, have stated that they will commit up to 40% of individual programs to extramural support. This support for the academic community bodes well for the training of future scientists as well as for the state of future scientific development.

As the 1990s unfolds, the United States will have to make sweeping decisions as to the direction and magnitude of its environmental policies. The Marine Division of NASULGC accepts its responsibility as part of the larger framework of the academic science community to be able to provide the scientific personnel and data with which to effectively evaluate and implement these decisions.

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National Association
of State Universities
and Land-Grant Colleges

Robert L. Clodius, President

National Association of State Universities and Land Grant Colleges
Marine Division

White Paper

General NOAA Outlook

The Marine Division of NASULGC endorses many aspects of the President's FY 1991 budget request of $1.39 billion for NOAA. This amount represents a 9% increase over the 1990 Congressional appropriation. It also represents a reversal of the trend of recommended decline over the past eight years. Of particular interest to the Division are the substantial increases in the NOAA Coastal Initiative Program and the Climate and Global Change Program. Similarly, the Division is encouraged by the Administration's request for funds for the Sea Grant College Program and the Coastal Zone Management Act. The latter two programs had been continually targeted for termination by the previous administration.

In general, the Administration's request for NOAA represents a positive step towards building the necessary linkages between scientific research directed towards the protection, conservation, and allocation of our nation's coastal and marine resources, and the use of this scientific knowledge in the development and implementation of sound environmental policy. The Marine Division of NASULGC has also seen encouraging developments in the relationships between NOAA and the university community. Increasing amounts of research dollars becoming accessible to university research as more and more co-operative agreements between academic institutions and the agency are being forged. Newly-developed programs such as global change have targeted up to 30-35% of the program's funds to be used extramurally for research by universities.

The Marine Division would like to see these relationships continue to develop. We believe strongly that the scientific community should continue to play a critical role in providing accurate and reliable scientific data to decision makers at all levels of government.

National Association
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and Land-Grant Colleges

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Marine Division

White Paper

NOAA — Sea Grant

The Marine Division of NASULGC applauds the Administration's recognition of the National Sea Grant College Program as a critical component of NOAA. For the first time in a decade, the Sea Grant Program has been given status in an Administration's budget request. However, the request of $27,498,000 is still approximately $13.5 million less than the FY 1990 appropriated level. Therefore, while we support the inclusion of the Sea Grant Program in the President's budget, we believe that the amount should be increased to $51 million for the core program and $5 million for the Strategic Marine Research Program.

We believe that this administration is making a serious error by casting aside Sea Grant's very effective Marine Advisory Service Program. In fact, NOAA should be recommending large increases in the marine advisory services to support the rapidly-growing need for technology transfer and information dissemination. The Sea Grant Marine Advisory Services is the only existing program dedicated to information transfer in the coastal ocean segments of our economy.

The National Sea Grant College Program has been a productive one since its inception over 20 years ago, as shown by assessment of economic return. Through this program, numerous students in our nation's colleges and universities have received support for their training, thus ensuring a pool of individuals who are highly trained and highly skilled in areas relating to the Coastal Ocean. Furthermore, the program has provided a route for the interaction between NOAA and the academic community, which we support and encourage to continue. The program allows both scientists and policy-makers to tap into over 200 participating institutions and more than 3000 scientists to address critical climate, ocean, and coastal issues.

Because the Sea Grant Program has been such a successful one, we support its inclusion in the 1991 budget, and plan to encourage Congress to increase the amount in the administration's request.

National Association
of State Universities
and Land-Grant Colleges

Robert L. Clodius, President

National Association of State Universities and Land Grant Colleges
Marine Division

White Paper

NOAA — Coastal Ocean Initiative

The Marine Division of NASULGC endorses the concept of the Coastal Ocean Science Initiative and the Administration's FY 1991 budget request of $17.3 million, an increase of approximately $11 million over the FY 1990 appropriation. The Coastal Ocean Program recognizes the critical importance of our coastal and marine resources and the necessity for developing sound scientific research and policy initiatives in order to provide for the comprehensive management of these resources. The Coastal Ocean Program represents an initial attempt to refocus, co-ordinate, and integrate existing NOAA programs, with the development of interagency planning and co-operative agreements between relevant federal agencies, in order to make NOAA more responsive to the myriad problems affecting the coastal oceans and estuaries of the United States. The Program strives to improve the understanding, predictability, and stewardship of coastal ocean resources through the integration of internal programs, competitive grants to the academic community, and private-sector contracts.

The major goal of this NOAA-wide initiative is to improve our basic understanding of the Coastal Ocean. The initiative thus involves increasing our fundamental knowledge of the processes occurring in coastal waters, a process with which the academic community is well acquainted. Indeed, 40% of the funds allocated to the Coastal Ocean Program is planned for the support of extramural research programs. We strongly support the interaction between NOAA and the universities and would encourage the inclusion of a specific requirement for such academic involvement in the appropriation bill. The involvement of universities in this program will strengthen it. We are excited about the continuing interaction between NOAA and the academic community, since the universities are largely recognized as the focal point from which reliable and accurate scientific data are gathered and subsequently used to formulate and implement sound environmental management policy.

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Marine Division

White Paper

NOAA — Climate and Global Change

The Marine Division of NASULGC endorses the concept of NOAA's Climate and Global Change Program and the Administration's FY 1991 budget request of $87 million; an increase of approximately $69 million over the FY 1990 congressional appropriation level.

NOAA is one of seven federal agencies involved in the U.S. Global Change Research Program (USGCRP). The major premise behind the USGCRP is to coordinate individual agency proposals for global change into a comprehensive national effort. This year's budget request moves NOAA into the position where it can have a major impact in the realm of Climate and Global Change research, much like NASA and NSF. The request for NOAA includes the enhancement of some programs which are already in place, including studies of ocean-atmosphere interactions and climate change, and the establishment of new programs to improve modeling, prediction, and information management capabilities. NOAA is poised to play an aggressive role in all these areas. However, the Division urges that the emphasis on the Climate and Global Change Program should not detract from the necessary continuation and maturation of other important environmental programs and mandates within NOAA's purview.

Similarly, the contributions which our universities can bring to bear in addressing the program responsibilities assigned to NOAA is of equal importance. NOAA has stated that it will allocate 30-35% of the Climate and Global Change funds for extramural scientific research at our universities. The Division wholeheartedly supports this continued linkage between NOAA and the academic community.

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Mr. SMITH. Dr. Ross?

Dr. ROSS. Thank you, Mr. Chairman and Mr. Early for allowing me to testify on behalf of the National Association of State Universities and Land Grant Colleges.

My name is David Ross and I am Chairman of the Geology and Geophysics at the Woods Hole Oceanographic Institution and I am also coordinator of the sea-grant program and I serve as the co-chair chairman of the NOAA review panel at the National Academy of Sciences.

Today I would like to discuss some opportunities of the NOAA National Undersea Research Programs, or unfortunately as it is known sometimes as NURP.

My written testimony describes in some detail various aspects of this program. Some points I would like to make:

The United States has the largest exclusive economic zone or EEZ in the world. It is 3,107,000 square miles or 3.9 billion acres. The United States right now is 1.3 parts water for every one part of land.

However, we are proceeding at an extremely slow pace in studying this new frontier. And if present plans are executed, we will put a unit on Mars before we finish mapping the first phase, we are in the first phase of mapping our EEZ.

To put our EEZ in perspective, it is larger than the combined extended maritime zone claimed by the Soviet Union, Mexico and Canada.

The technology to directly explore the sea floor of this frontier is more advanced in France, Japan and the Soviet Union. Indeed, if one wants to dive to the greatest depths of the ocean, you must use a French, Soviet or Japanese vessel. Our civilian capabilities are generally limited to about 4,000 meters, the depths that the submersible ALVIN can reach; 4,000 meters is just slightly more than the average depth of the ocean which is about 3,700 meters.

We have a pivotal opportunity right now with our exclusive Economic Zone. This zone needs improved scientific capability and information to explore and assess its characteristics and to develop its economic potential.

The U.S. Congress has realized the importance of the ocean and the Great Lakes and their resources by passing numerous pieces of legislation and more are pending. To understand the ocean and its role in global change, to capitalize on its economic potential, we must have the capability for insight and observation to be able to measure and study the third dimension of the ocean from the sea-surface down to, and including the sea floor. We must learn to live and work on the sea floor.

Accomplishing these goals is the guiding objective of NOAA's national under-sea research program. In 1989, the National Undersea Research Program supported the research of over 580 individuals associated with 200 institutions. There are underwater research centers affiliated with academic institutions in Hawaii, Connecticut, North Carolina, New Jersey, Alaska and Florida.

Research right now is being done in the Pacific and Atlantic Oceans, the Chuckchi Sea, the Bering Sea, the Great Lakes, the Gulf of Mexico and the Caribbean.

The number of participating researchers over the past two decades is close to 4,000. This is a valuable national and international network and the research includes use of manned submersibles, AQUARIUS and underwater habitat, remotely operated vehicles and scuba.

NURP, the National Underseas Research Program is the nation's only civilian undersea research program and support and work should continue.

I would like to encourage you to at least maintain NURP at its present level of funding of $14.3 million. However, one should note that the last few years have seen major changes in the way that we view our environment and economy.

There is a concern for global change and economic competitiveness. These, we are learning now, can be very closely related. Our National Undersea Research Program should play a meaningful role in global change and economic competitiveness.

For the coming fiscal year, an allocation of $14.3 million would be level funding for NURP's present programs and structure. A larger allocation in future years is paramount to continue scientific and equipment support, including the design and construction of new submersibles.

To cut undersea research funding now would be catastrophic to U.S. marine technology and resource development.

I would like to thank you for your past support and look forward to your future support.

Thank you.

[The prepared statement of Dr. Ross follows:]

STATEMENT BY

DR. DAVID A. ROSS

CHAIRMAN, DEPARTMENT OF GEOLOGY & GEOPHYSICS
WOODS HOLE OCEANOGRAPHIC INSTITUTION

BEFORE THE

HOUSE SUB-COMMITTEE ON APPROPRIATIONS FOR STATE, JUSTICE, AND COMMERCE

U.S. HOUSE OF REPRESENTATIVES

ON BEHALF OF THE

NATIONAL ASSOCIATION OF STATE UNIVERSITIES AND LAND-GRANT COLLEGES

March 1990

Written Statement of
David A. Ross
Woods Hole Oceanographic Institution

on NOAA's National Undersea Research Program

before the
House Subcommittee on Appropriations for
State, Justice, and Commerce
U.S. House of Representatives
28 March 1990

My name is David A. Ross, Chairman of the Department of Geology and Geophysics at the Woods Hole Oceanographic Institution, and also Coordinator of its Sea Grant Program. I also serve as Co-chairman of the NOAA Review Panel established by the National Academy of Sciences under the Ocean Studies Board. Today I would like to discuss NOAA's present National Undersea Research Program, its national and international importance, and what needs to be done next.

BACKGROUND

- The United States has the largest Exclusive Economic Zone (EEZ) in the world (3,107,000 sq. nautical miles or 3.9 billion acres). We are now 1.3 parts water to 1 part land. However, we are proceeding at an extremely slow pace in studying this new frontier. If present plans are executed, we may put a human on Mars before we finish just the mapping phase of exploring our EEZ. To put our EEZ in perspective: it is larger than the extended maritime zones claimed by the Soviet Union, Mexico, and Canada *combined*.

- The technology to explore the seafloor of this frontier is more advanced in France, Japan, and the Soviet Union. If one wants to dive to the greatest depths of the ocean, a French, Soviet, or Japanese vessel has to be used. Our capabilities are generally limited to 4,000 meters, the depths that the research submersible ALVIN can reach. This is just slightly more than the average depth of the ocean--3,729 meters.

- We have a pivotal opportunity with our Exclusive Economic Zone, a zone that needs improved scientific capability and information to explore and assess its characteristics, and to develop its industrial and economic resources. We also have an international commitment to scientific advancement as the range and extent of global research programs proliferate.

- I encourage you to at least maintain NURP at its present level of funding of $14,285,000. However, one should note that the last year or two has seen major changes in the way we view our environment and economy-these include our concern for Global Change and economic competitiveness. These we are learning can be closely related. Our Nation's Undersea Research Program can and must play a meaningful role in global change and economic competitiveness.

The Congress has realized the importance of the ocean and its resources by passing numerous pieces of important legislation, and more are pending. To understand the ocean and its role in global change and capitalize on its economic potential we must have the capability for *in situ* observation to be able to measure and study the third dimension of the ocean, i.e., from the sea surface down to and including the sea floor. We must also learn to live and work on the seafloor. Accomplishing these goals is the guiding objective of NOAA's National Undersea Research Program.

In 1989 the National Undersea Research Program supported the research of over 580 individuals associated with over 200 institutions. This included the use of manned submersibles, AQUARIUS (the underwater habitat), remotely operated vehicles (ROV's) and SCUBA. NURP is the Nation's only civilian undersea research program and its important work should continue.

THE NATIONAL UNDERSEA RESEARCH PROGRAM (NURP)

- **What is NURP's mission?** NURP develops projects and provides support for scientists and engineers to work in the oceans and large lakes (including our Great Lakes) of the world, placing investigators safely undersea to conduct experiments and collect invaluable data; such investigations are not possible within the confines of the traditional laboratory or today's research vessel. Research activities are aimed at understanding how physical, chemical, biological, and geological processes control marine environments (of great importance globally and nationally), and with this understanding decisions can be made to improve the wise use and conservation of marine resources.

- **A key objective of NURP** is to determine changes over time in the marine environment and the processes that have caused these changes. The determination of these changes and processes is critical to our Nation's future use and conservation of its marine environment.

- **What is NURP's structure?** NURP is managed by the Office of Undersea Research in NOAA. The research community gains access to the program through five Undersea Research Centers affiliated with academic institutions in Hawaii, Connecticut, North Carolina, New Jersey and St. Croix, and Florida. Proposals are solicited from qualified investigators across the Nation and peer reviewed through a competitive process, and support is awarded to investigators with scientifically rigorous and meritorious projects. Support is generally accompanied by co-funding from granting agencies such as NSF, ONR, Sea Grant and the business community. (1988 co-funding amounted to about $13 million.)

- **NURP is the Nation's civilian focal point** for undersea research done by the government, academia, and the industrial community.

- **NURP supports research** through a wide array of advanced undersea sampling and sensing platforms including: manned submersibles, such as ALVIN and PISCES V; remotely operated vehicles, and; underwater habitats, such as AQUARIUS, the world's only mobile deep-diving saturation habitat for scientists.)

- Research supported by NURP occurs in the Pacific and Atlantic Oceans, in the Great Lakes and, in the Caribbean and Gulf of Mexico. Depths range from the shallow waters of coastal and coral regions through the water column to the deep parts of the ocean, including submarine canyons, seamounts and hot springs on the seafloor.

- NURP's current **research program areas** are:
  1) biological productivity and living resources
  2) coastal oceanic and estuarine processes
  3) pathways and fate of material in the ocean
  4) global and oceanic processes
  5) ocean lithosphere and mineral resources
  6) ocean technology
  7) diving safety and physiology

FUTURE PLANS

- In 1986, the Undersea Research Study Panel (Jennings Report) reported on new directions for NOAA's Undersea Research Program. The Jennings Report concluded that NURP has served as the valuable cornerstone for an evolving undersea research program but it has been flawed by a lack of funds to support the research underway at its facilities. The Jennings Report recommended a transition from the existing NURP program to a National Undersea Science Program, envisioning a FY 1991 allocation of $20 million for the reconfigured Undersea Science Program, rising by the late 1990s to $60 million annually.

SPECIFIC RESEARCH PROGRAM AREAS AND OBJECTIVES

I present here an amalgamation of long-term planning for the program areas of a national undersea research program (based in part on the 1986 Jennings Report) and NURP's current program objectives (drawn from its recent information brochure).

1) Biological productivity and living resources

Research in this area is needed to improve understanding of the bases of biological productivity in the sea, including causes of natural variations and the ability of the oceans to provide living resources (required by humans) and to survive despite human perturbations.

Progress in this research area will be rapid, and will be improved by exploiting new tools made available through modern undersea technology. As in many of the other research areas (listed below), advanced technologies such as satellites, ocean drilling and seismic technologies are already being used by a sizeable fraction of the scientists who need them. In the biological ocean sciences, increased marine access is essential since this field is still dominated by indirect and often inefficient methods of decades past. Equipment and technologies supported by NURP are moving this research area closer to the twenty-first century.

Benefits to society in this area include new products from biotechnology and insights on the composition and functioning of marine food chains. These will encourage and allow the reliable assessment and management of presently utilized resources (such as fisheries) and those yet untapped.

2) Coastal oceanic and estuarine processes

Coastal environments are the location for most of those marine resources presently exploited, and thus represent the regions most susceptible to detrimental human impacts. Studies are required for understanding the environmental processes involved in pervasive changes now being observed in estuarine and coastal waters.

Responsibility for the needed research should be shared by federal, state and local governments who have regulatory, management, exploitative or research interests in the coastal environment.

NURP presently supports research in the study and evaluation of the effect of phenomena including upwelling, ocean fronts, internal waves, and the sea ice edge on fisheries recruitment in regions such as banks, shoals, hardgrounds, reefs, and submarine canyons; research on determining the role of these processes on sediment and nutrient cycling and transport along and across islands and continental shelves.

These studies will provide the knowledge of estuarine and coastal ocean processes needed to improve our predictive abilities on the capacity of these environments to provide living resources and to absorb waste and pollution safely over the long-term.

3) Pathways and fate of material in the ocean

New insights into global ocean circulation will make possible significant advances in the quantitative understanding of the biochemical and geochemical pathways and cycles so pervasively coupled to the oceans. Within the oceans this will involve comprehensive measurements of the vertical flux of dissolved and particulate matter, including that from the seafloor. In coastal waters, horizontal flux from coasts and rivers, and of materials across the continental shelf to deep water must also be measured. The transfer of materials between the atmosphere and the ocean also needs attention.

NURP currently supports research in this area to determine the processes and flux of nutrients, metals, and organic waste material in the ecosystem and across the benthic boundaries of ocean and Great Lake basins.

Societal benefits to pursuing expanded research in this area include predictions of climatic and sea level changes resulting from human production of compounds such as carbon dioxide, freon, etc. and improved procedures for dealing with other man-made, environmentally harmful materials.

4) Global oceanic and climatic processes

The driving technologies to understand the ocean as a global system are provided by satellite missions (already scheduled for the 1990s) and improved supercomputer capabilities. This global system includes such areas as environmental quality, biological productivity, and world weather and climate. Satellite data must be complemented by sea-surface and undersea sampling and experimentation to provide ground truth and detailed verification.

This research concerns primarily fluxes and balances of water, energy, chemical and biological species in the oceans and their boundaries, their interrelationships, and their effects on marine productivity and climate. NURP presently supports research to determine and quantify the interaction of hot and cold seafloor vent systems with the chemistry, biology, and geology of the oceans; to assess the effects of venting on a global spatial scale and a temporal scale from annual to millennia.

The benefits to society of expanding this research are longer term and more accurate weather prediction; understanding and predicting gloval climate variations with possible avoidance of some damage caused by natural climatic disasters; planning ways in which world's growing population can deal with its resource needs in a changing climate.

5) Ocean lithosphere and mineral resources

Research in this area in the next decade will focus on the mechanics of spreading centers and the crustal plates themselves, and on interactions between oceanic and continental crusts. Knowledge of these processes is essential to assessing seafloor mineral resources and to understanding mechanisms resulting in the implacement of terrestrial ores. The seafloor areas within our Exclusive Economic Zone (EEZ) are especially important.

NURP currently supports research to define the rates and processes responsible for crust generation and consumption, to determine the distribution of potentially valuable mineral resources on the seafloor, and to assess the processes responsible for formations of ocean mineral resources and the impacts of their potential development.

The expansion of research is this area should result in improved knowledge of our planet. It will allow better predictions of tectonic (volcanic and earthquake) activities, better identification of mineral sources, and better knowledge to evaluate the seafloor as a disposal site for humankind's dangerous waste products.

6) Diving safety and physiology

NURP presently supports research to enhance the capability of divers to work beneath the sea, to maintain a safe working environment, and to determine the physiological effects (both immediate and long-term) that limit the dives.

As part of the diving safety program, NURP supports research on diving physiology and hyperbaric medicine in cooperation with the U.S. Navy, U.S. Coast Guard, and recognized academic centers of excellence in these fields. Science activities in the ocean technology category include development of the tools required to facilitate undersea research.

7) Ocean technology

This sector of NURP's present research is currently directed at developing and implenting new submersible platform technologies to enhance experimental and manipulative capabilities of researchers below the sea surface. Underwater habitats, ROVs and submersibles can be of great value in allowing scientists access to low level, low cost, long-term observational programs.

Present U.S. Diving Capabilities

At present, large areas of the ocean are inaccessible for *in situ* investigations by the United States civilian scientific community. The only deep diving U.S. research submersible devoted to non-military undersea science is the ALVIN, which has an operating depth of 4000 meters. In contrast, the Soviet Union, Japan, and France all have research submersibles dedicated to scientific research that are capable of 6500 meter operating depth or greater. The U.S. does have the Navy submarine SEA CLIFF capable of diving to 6500 meters, but its use by the civilian scientific community is restricted and its 20 year old technology is outmoded when compared to the Soviet, Japanese, and French deep-diving research submersibles.

It is widely acknowledged in the submersible science community that the United States has lost its technological and intellectual lead in manned undersea deep ocean science. While Japan, the Soviet Union, and France have all launched state-of-the art deep submersibles (dedicated 100% to science) within the last four years, the United States has been dormant in this area since 1968 when the Navy launched SEA CLIFF.

ALVIN was originally launched in 1964, and although it has been continually upgraded over the years, it is essentially 25 year-old technology. Nonetheless, ALVIN is the mainstay of the United States undersea science program up to its 4000 meters diving capability. ALVIN provides U.S. scientists with access to a little over 50% of the ocean bottom. The 6000 meter or greater capability of other countries and SEA CLIFF can reach 97-98% of the ocean bottom. The remaining 2-3% of the sea floor, which includes the region from 6,500 to 10,900 meters (10.83 million square kilometers), is larger than the United States.

SUMMARY

- The number of participating researchers who have participated in NURP's program over the past two decades is approaching 4,000. That is a valuable national and international network.
- For the upcoming FY, an allocation of $14 million will mean level funding for NURP's present program and structure. But a far larger allocation in future years is paramount to continue scientific and equipment support including the design and construction of new submersibles. To cut undersea research funding now would be catastrophic to U.S. technology and resource development.

REFERENCES

New Directions for NOAA's Undersea Research Program, 1986, (Jennings Report).

NOAA's National Undersea Research Program, prepared by the NURP Center at the University of Hawaii at Manoa, undated.

Mr. **Early**. Mr. Chairman, I just want to thank Dr. Ross for coming before us. We are always impressed with the outside witnesses, because Dr. Ross, like everything else, it is the testimony you have put into the record that is important when we mark up the bill. There is always a tremendous surge on the Chairman for monies.

I personally think that there is so much more forthcoming from the programs you speak about in your testimony. Even though Woods Hole is a hundred miles from my district, I have really been very proud of everything they have done.

Just one additional point, you suggested that the Japanese and the Soviets and one other country were doing more than the U.S. on underwater programs. What about that vessel that photographed the major breakthroughs last year?

Dr. **Ross**. In ship capabilities, I think we are superior, but what I was referring to was submersible capabilities, with man underneath the ocean.

Those three countries all have the capabilities of taking man to about 6,500 meters. And the United States, the best civilian submarine we have now can do about 4,000 meters. The Soviets just recently bought two submarines that go to 6,500 meters and they bought it from Finland, and the Japanese have a 6,500 meter capability submersible and they are thinking of one that can go to 10,000 meters.

About 25 years ago, we had the capability with the Trieste, which was a bathoscat to go to the deepest parts of the sea floor and that has not been operational for many years.

So, basically we are in fourth place, if you like, as far as capabilities of going down to the ocean depths. Working from surface ships, using underwater cameras and TV systems, we can match anybody.

Mr. **Early**. This entire Committee has really been enthused about the potential of what Dr. Cato is talking about, as far as that Chairman Smith has kept the money in the Sea Grant program. I just hope that the defenders of that program continue to come and testify before us.

Mr. **Smith**. I just wanted to say that when I first heard Mr. Early talking about Woods Hole, I thought it was something left over from the Revolutionary War or something, but he has educated us on Woods Hole; we all know about Woods Hole now.

Dr. **Ross**. I appreciate it.

Mr. **Smith**. Thank you both for your testimony.

Wednesday, March 28, 1990.

SMALL BUSINESS ADMINISTRATION, NIST AND EDA

WITNESS

LARRY CROCKETT, PRESIDENT, NATIONAL ASSOCIATION OF MANAGERS AND TECHNICAL ASSISTANCE CENTERS, UNIVERSITY OF MICHIGAN

Mr. **Smith**. Larry Crockett?

Mr. **Crockett**. Thank you, Mr. Chairman and Mr. Early.

I have a statement that I would like to briefly summarize.

Mr. SMITH. All right.

Mr. CROCKETT. I am the president of the National Association of Management and Technical Assistance Centers, which is an association of university-affiliated centers that provide management and technical assistance to businesses and communities on behalf of economic development and industrial competitiveness.

And some of our members operated SBDC's and some are EDA university centers, and some are TACC's, and others operate NASA Industrial Application Centers and Engineering Extension Centers.

And all of our members seek to transfer knowledge from the institutions of higher education in order to further industrial competitiveness and economic development.

I am also the director of the Special Projects Division of the School of Business Administration at the University of Michigan. There are two centers at the Special Projects Division that provide technical and management assistance to communities and businesses. We have an EDA University Center and a Trade Adjustment Assistance Center, and we also have a state supported technology transfer program.

I would echo Congressman Savage's earlier remarks and urge support for the Economic Development Administration and its EDA University Center Program, as well as for the TACC program and the SBA's Small Business Development Centers.

Despite the magnificent accomplishments of these programs, they face continued attack from the current administration and they need your support if they are to continue to buttress the efforts of small- and medium-sized firms to maintain and expand their productivity and competitiveness.

As you know, we have had a problem with EDA over the policy of gradually reducing the funding for EDA University Centers that have been supported for seven years. This is the so-called "graduation policy". Our association believes that the current implementation of that policy violates the law as set forth in the Appropriations Acts for fiscal years 1989 and 1990.

And to confirm our belief, we have had this matter thoroughly researched by the law firm of Miller & Chevalier and their conclusion was that EDA implementation of the graduation policy is illegal and clearly directly violates the stated intent of the law.

Although the Department of Commerce argues that the Act has been within the law, we strongly maintain that the Miller & Chevalier legal memorandum exposes the fallacy of the Commerce Department's reasoning.

We ask that the committee request that the Comptroller to review the legality of this issue. And if he concurs with the provisions of the law, to compel EDA to refrain from further illegal actions and to restore the funds that are being unlawfully withheld.

We also ask this committee to include identical language in the appropriations bill for fiscal year 1991, so that EDA cannot legally reinstate its graduation program next year.

Another problem for others of our membership is the war that the International Trade Administration has been waging against the TACC's. At the current level of funding the TACC's do not now have the ability to contract with independent consultants to help their clients. Unless this committee can see its way to restore the full $10 million needed by the TACC's to do their job in accordance with their mission, the program of trade adjustment assistance for import-impacted firms will not be doing what the Congress intended it to do.

Moreover, our concern is not only for the next year, if the TACC program is to survive at any level, it needs a supplemental appropriation this year. Unless Congress can find the funds for this appropriation, several TACC's will be forced to close their doors this summer and the remainder will exist on a caretaker basis without funds to provide services to import-impacted clients.

We have a program of trade adjustment assistant for workers that is fully funded. For a fraction of the cost of what it takes to provide adjustment assistance for workers, it is possible to keep firms going, to keep workers off the adjustment assistance rolls. We submit that the administration is undercutting its own efforts to reduce the trade deficit and the budget deficit by short-changing TACC program. And we ask this committee to set things right.

We are not asking for 100 percent support. Indeed, our surveys show that the Federal support for our work is less than 50 percent. And the universities and states supply most of the funds and the Federal help is crucial in maintaining the level and the quality of our efforts.

This is a true partnership with the Federal Government, the states and the universities. But if one of the partners pulls out, then the entire effort may tumble.

Your Committee and the Congress has been steadfast in the support of these programs in the face of opposition by the administrations for the past nine years. We recognize that support and we thank you for it. We ask for its continuation.

Thank you.

Mr. Smith. Thank you.

[The statement of Mr. Crockett follows:]

Statement of

Larry R. Crockett

President

National Association of Management

and Technical Assistance Centers

NAMTAC

Submitted to the

Subcommittee on Commerce, Justice, and State,

the Judiciary and Related Agencies

Committee on Appropriations

United States House of Representatives

Appropriation Bill, Fiscal Year 1991

March 28, 1990

The National Association of Management and Technical Assistance Centers (NAMTAC) is an association of university affiliated centers that provide management and technical assistance to businesses and communities in behalf of economic development and industrial competitiveness. Some of our members operate Small Business Development Centers (SBDC's), some Economic Development Administration (EDA) University Centers, some Trade Adjustment Assistance Centers (TAAC's). Others operate NASA Industrial Application Centers and Engineering Extension Centers. Most of our members depend on Federal grants as an important source of their revenues, and virtually all receive substantial funds from their State governments and their academic institutions. While our members have a diversity of programs, they all share a common goal.

That goal is to further the transfer of knowledge and information through institutions of higher education for practical application of behalf of industrial competitiveness and economic development.

I am also the director of the Special Projects Division of the School of Business Administration at the University of Michigan. There are two centers in the Special Projects Division that provide technical and management assistance to communities and businesses. We have an EDA University Center and a Trade Adjustment Assistance Center (TAAC). We also have a state supported technology transfer program.

I am here to urge your continued support for the Economic Development Administration and its EDA University Center Program, as well as for the TAAC Program and SBA's Small Business Development Centers (SBDC's). Despite the magnificent accomplishments of these programs they face continued attack from the current Administration, and they need your support if they are to continue to buttress the efforts of small and medium-sized firms to maintain and expand their productivity and competitiveness.

Once again the Administration has called for the elimination of EDA in its fiscal year 1991 budget, and once again we must look to the Congress to retain this valuable agency that does so much to help spur economic development and to create and maintain basic infrastructure, particularly in rural areas. The House has made its position clear by passing HR 2015, the reauthorization bill for EDA, and we are confident that the Senate will also take action to reauthorize the agency. It deserves your continued support.

As you know, we have been having a problem with EDA over its policy of gradually reducing the funding for EDA University Centers that have been supported for seven years. This is the so-called "graduation" policy. Our association believes that the current implementation of that policy violates the law as set forth in the Appropriation Acts for fiscal years 1989 and 1990. To confirm our belief, we have had this matter thoroughly researched by the laws firm of Miller & Chevalier, and their conclusion was that EDA's implementation of the graduation policy is illegal. and directly violates the stated intent of the law. I have a copy of their legal memorandum, which I would be pleased to submit for the record, if the Committee so desires.

Although the Department of Commerce argues that its action has been within the law, we strongly maintain that the Miller & Chevalier legal memorandum exposes the fallacy of the commerce Department's reasoning. Unfortunately we are not financially able to undertake the further expense of instituting a formal legal action. Consequently, we ask this Committee to request the Comptroller General to review the legality of this issue, and, if he concurs with the provisions of the law, to compel EDA to refrain from further illegal actions and to restore the funds that are being unlawfully withheld.

We also ask this committee to include identical language in the appropriation bill for fiscal year 1991, so that EDA cannot legally reinstate its graduation program next year. I want to stress that neither NAMTAC nor any of its members takes the position that EDA should be obligated to fund any individual center that it finds is not doing its job. What we do object to is a blind across-the-board reduction of support for centers that have been faithfully contributing to the EDA economic development mission for many years, and that have built up expertise and credibility that cannot easily be duplicated. When competent performance is disregarded, public administration suffers. Is it too much to ask EDA to carry out its duties in a lawful manner?

Another problem for others of our membership is the war that the International Trade Administration has been waging against its Trade Adjustment Assistance Centers (TAAC's). One would think that with the emphasis that the Secretary of Commerce has placed on improving the Nation's trade deficit, he would be leading the support for organizations that have a documented record of success in helping firms recover from the impact of competition and become more competitive in the battle for markets. Instead, he has allowed the ideologues in his Department and in the OMB to chip away at the leadership, the staff and the funds of the trade adjustment assistance program.

The bottom line is that while the TAAC's may or may not have enough funds to stay open for the balance of this fiscal year, they most definitely do not have sufficient funds to serve their clientele effectively. I hope this Committee will keep in mind that the TAAC's do not provide the bulk of their service with their own staffs. The primary reason why they had success in the past has been their ability to go out and contract with proven experts in various fields to proved top-notch consulting assistance to the import-impacted firms. At the current level of funding, the TAAC's do not now have the ability to contract with independent consultants to help their clients. Unless this Committee can see its way to restoring the full $10 million needed by TAAC's to do their job in accordance with their mission, the program of trade adjustment assistance for import-impacted firms will not be able to do what the Congress intended it to do.

Moreover, our concern is not only for next year. If the TAAC program is to survive at any level, it needs a supplemental appropriation this year. Unless the Congress can find the funds for this appropriation, several TAAC's will be forced to close their doors this summer, and the remainder will exist only on a caretaker basis without funds to provide services to import-impacted clients.

We have a program of trade adjustment assistance for workers that is fully-funded. For a fraction of the cost of what it takes to provide adjustment assistance to workers, it is possible to keep firms going and keep workers off the adjustment assistance and unemployment rolls. We submit that the Administration is undercutting its own efforts to reduce the trade deficit and the budget deficit by short-changing the TAAC program, and we ask this Committee to set things right.

I speak about the EDA University Centers and the TAAC's from personal experiences a director of an organization at a major university that administers both these programs. My support for Small Business Development Centers (SBDC's) stems from my contacts with SBDC directors who are members of NAMTAC as well as from an awareness of the accomplishments of the SBDC's in the State of Michigan, and throughout the Nation.

I doubt that this Committee needs testimony from me on the valuable work that SBDC's are accomplishing, since you have seen fit in past years to ignore Administration proposals to eliminate the program. Once again the Administration is proposing to phase out SBDC's. I and the organization I represent, earnestly hope that this Committee will continue to do, as it has done in the past, and provide adequate funds for this worthwhile program.

Let me go behind the generalities to give you a concrete example of the way an EDA University Center can marshall the resources of the academic community to save and develop jobs for America. Several years ago, our EDA Center for Management and Technology Transfer was asked to help the small Michigan community of Niles in finding a new use for an abandoned manufacturing plant that had once employed 120. We mobilized an interdisciplinary team composed of University of Michigan faculty from the College of Architecture and Urban Planning, the College of Engineering and the Graduate School of Business working under the EDA University Center's Office for Research on Industrial Facilities. A plan was developed for turning the facility into a small start-up incubator. When the work was completed, the building housed 27 companies employing 150 persons, and it was completely self-supporting.

Here is another example of how university-based management and technical assistance centers contribute to economic development. In Idaho, the Boise State-based Economic Development Center, which is supported by both EDA and SBA, developed a unique program to stimulate ideas for new businesses using a satellite teleconference to reach remote rural areas where economic development information had never before been available. Thirty-five businesses got started under this program. In Mississippi, an EDA University Center helped a minority entrepreneur start up an apparel manufacturing firm in a small, poor high unemployment area, and created 26 jobs. The EDA University Center at Georgia Tech showed a medium-sized boat manufacturer how to save money by modernizing his equipment. Quality was improved, final assembly time shortened, and in-process inventory reduced. First year savings were almost a quarter-million dollars.

These are just a few examples of how academic-based management and technical assistance centers can help mobilize the resources of our universities to help our Nation become more competitive, and to save American jobs. But we need your help in getting the support of the Federal government.

We are not asking for 100 percent support. Indeed, our surveys show that the Federal support of our work is less than 50 percent. Universities and States supply most of the funds. But the Federal help is crucial in maintaining the level and quality of our efforts. This is a true partnership of the Federal Government, the states, and the universities. If one of the partners pulls out, the entire effort may tumble.

Your committee and the Congress have been steadfast in support of these programs in the face of implacable opposition by the Administrations over the past nine years. We recognize that support, and we thank you for it. We ask for its continuation. Thank you.

Mr. SMITH. At this point we will include an additional statement submitted for the record regarding the Small Business Administration.

[The information follows:]

TESTIMONY OF JIM CANTANZARO
PRESIDENT
COMMUNITY COLLEGE ASSOCIATION FOR TECHNOLOGY TRANSFER

SUBMITTED FOR THE RECORD

HOUSE APPROPRIATIONS SUBCOMMITTEE ON COMMERCE, JUSTICE, STATE AND JUDICIARY

FISCAL YEAR 1991 APPROPRIATIONS HEARINGS

MARCH 28 and 29, 1990

Mr. Chairman, thank you for giving me the opportunity to present this statement to the Subcommittee hearing record. My name is Jim Cantanzaro, and I am the President of both Triton Community College in River Grove, Illinois and the Community College Association for Technology Transfer (CCATT). CCATT is a multistate coalition of 16 midwestern educational institutions committed to revitalizing the regional economy and modernizing its manufacturing base through a unique, cooperative effort among business, industry, and government. CCATT member schools are located in the states of Iowa, Illinois, Michigan and Wisconsin.

By promoting and assisting industry to implement technological innovations, CCATT and its members are addressing some of the most serious problems and important challenges facing America's manufacturing sector. We not only offer a wide variety of worker education and training programs, but also provide small and medium-sized businesses with an opportunity to keep up with rapidly changing technology and higher product quality standards. This will enable them to maintain a competitive edge as they move toward the 21st Century.

The Need to Revitalize America's Manufacturing Base

In the decade following World War II, American industry supplied the world with the highest quality, most efficiently produced manufactured goods and American workers' productivity was 60 to 85% higher than any of our major competitors. Today, our manufactured products as well as our productivity levels have fallen behind or are being overtaken by Japan, West Germany and the newly industrialized Pacific Rim countries. These trends must be reversed if there is to be any chance for growth and prosperity in our manufacturing base, a reduction in our huge trade deficit, and a solution to our growing work force problems.

The Vital Role of Small Business Suppliers

Major U.S. manufacturers get 66% of the parts used in their products from small and medium-sized businesses. These supplier firms employ over 10.4 million people nationwide and produced over 1.3 million new jobs between 1980 and 1986. These firms are the base upon which our manufacturing capacity rests, but they lag behind the larger U.S. manufacturers and their foreign competitors in productivity and quality control techniques, such as "just in time" (JIT) delivery of components and statistical process control (SPC), and the use of modern technologies and innovative organizational methods, such as robotics and pay-for-performance salary systems. As a result foreign manufacturers are claiming an ever greater share of our markets, and U.S. manufacturers are looking for lower cost/higher quality products from off-shore sources. If this trend continues, we could find ourselves with state-of-the-art modern facilities in a few leading manufacturing firms, but with networks of suppliers increasingly located overseas or owned by foreign corporations.

Introducing New Technologies into the Workplace

While America excels in the development of software and process engineering, it takes capital and training to introduce these technologies into the workplace so that they actually provide a competitive advantage to U.S. companies. Most small and medium-sized supplier firms do not have the money or the technical expertise to cost-effectively bring technological innovations, such as robotics, laser applications, new manufacturing processes, and quality assurance programs into their workplaces. That leaves too many of our manufacturing suppliers uncompetitive in the international marketplace and unable to meet the minimum qualifications for government or major corporate contracts. Expanding the capacity of small and medium-sized supplier firms to use new technologies will assist them in not only meeting the "threshold" standards of quality required to compete successfully for profitable business opportunities but also regaining the worldwide lead in manufacturing technology.

According to a 1987 National Academy of Science (NAS) report, technological change is an essential component of a dynamic, expanding economy. The modern U.S. economy, in which international trade plays an increasingly important role, must generate and adopt advanced technologies rapidly in both the manufacturing and nonmanufacturing sectors if growth in U.S. employment and wages is to be maintained. However, technological change will be able to contribute to higher living standards, wages and employment levels only if appropriate public and private sector policies are adopted to support the transition to new and emerging technologies by small and medium-sized businesses.

The Role of Community Colleges and CCATT

With this overview of some of the issues relevant to technology transfer in today's global economic environment, let me turn first to presenting the community college as an institution well-positioned to respond to the technological, training and educational challenges before us; and second, to the unique attributes of this consortium of community colleges that demonstrates the synergy necessary to make these goals a reality.

The 1,200 community colleges located throughout the United States provide the ideal training ground for the following reasons:

- First, community colleges play an integral role in our system of higher education: Approximately 43 percent of today's undergraduates, or 5.3 million people are enrolled in community-college credit programs; another 10 to 15 million people are enrolled in non-credit programs;

- Second, as a local institution, the community college possesses the flexibility, sensitivity, and knowledge to respond to the specific needs and resources of local businesses and industries; and

-Third, community colleges are oriented toward practical, hands-on training and field experience to complement and augment more theoretical, academic instruction and retraining efforts. And according to the American Society for Training and Development, 75 percent of our current work force will needs retraining by the year 2000.

As a consortium, CCATT and its network of educational institutions are committed to sharing the expertise and resources they have in the area of technology with each other and with small and medium-sized firms. They have extensive experience in developing applied technology training courses such as Computer Aided Design (CAD), Computer Integrated Processes (CIP), and Statistical Process Control (SPC), as well as workplace literacy programs. In addition, some CCATT member schools have established regional demonstration labs that provide "hands-on" testing of new manufacturing equipment so that supplier firms can determine whether or not to invest in it. Such evaluations of new technologies, processes, and training programs will be provided objectively -- in contrast to information provided to businesses by equipment salesmen.

While community colleges across the country have developed expertise in specific technological programs for specific industry needs, no one institution can provide all of the answers. CCATT offers a way to link a variety of resources that will provide the best response to the needs of local industries. For example, CCATT member institutions will maintain a database of existing and emerging technologies and make that information available to local businesses. In addition, CCATT plans to provide high quality technical assistance and training programs and to conduct workshops and seminars for workers and key supervisory and management personnel.

WEDNESDAY, MARCH 28, 1990.

CONTRIBUTIONS TO WORLD HEALTH ORGANIZATIONS

WITNESS

D.A. HENDERSON, DEAN, SCHOOL OF PUBLIC HEALTH, JOHNS HOPKINS UNIVERSITY ON BEHALF OF NATIONAL PUBLIC HEALTH ORGANIZATIONS

Mr. SMITH. Dr. Henderson.

Dr. HENDERSON. Thank you, very much, Mr. Chairman.

I am D.A. Henderson, Dean of the School of Hygiene and Public Health at Johns Hopkins University and presently associated with the School of Public Health.

I am grateful today to testify in support of the President's appropriations request for the U.S. contribution to the World Health Organization and the Pan American Health Organization.

In doing so, I formally represent the views of eight of the country's medical public health organizations and, in fact, I would guess I speak on behalf of all of the medical and health organizations in this country.

The figure requested is in the order of $158 million but to see that figure in context, I remind you that it was the World Health Organization which was responsible for the eradication of small pox. And, in this country today we do not vaccinate against small pox and we vaccinate no travellers against small pox.

A figure, a savings, which in today's value is about $300 million. The figure we are asking for in support is half that.

The WHO and PAHO are both doing a lot more than this and it is little known, but at the present time, we are on the brink of eradication of polimolitis from the Western Hemisphere. A global assault is now under way and we hope to be successful.

The organizations have also led the worldwide campaign for vaccinations of measles, tetanus, whooping cough, tuberculosis. Around the world today, 70 percent of the world's children are being vaccinated against these diseases whereas it was 5 percent just 10 years ago.

There are many other things that are being done by these organizations. In dealing with major diseases of the tropics, diseases which are of concern to us, as they are developing countries.

I can go on, but I think from the standpoint of all of us, if these two organizations did not exist, we feel we would have to invent them. And so, indeed, I would venture to say that there are two of the most highly respected of any in the UN system. But for many of us in the health field it has been a profound embarrassment to us, that the U.S. over the past five years has not met its fiscal commitments to these two organizations.

We are the only industrialized country to be in this position. And, as a result, both of the organizations have had to curtail programs which are really too modest as they now exist.

The organizations and the countries of the world need to know that the U.S. stands firmly behind these efforts. These are efforts directed toward global security based on health rather than armaments. And I think they are important.

We appreciate what the committee has done to rectify the situation, to begin to repay the arrears, nevertheless, we are still in deficit to WHO by some $33 million, and to the Pan American Health Organization by $14 million.

In terms of the global need, these are modest sums, but I can say from personal experience, that $10,000 or even $100,000 can make an enormous difference, far out of proportion to its impact in this country.

On behalf of the health and medical community, Mr. Chairman, I would strongly urge that you would appropriate full funding for both of these organizations and provide the funds necessary to pay for the arrears which we owe.

[The statement of Dr. Henderson follows:]

TESTIMONY

DR D.A. HENDERSON

DEAN, SCHOOL OF PUBLIC HEALTH
JOHNS HOPKINS UNIVERSITY

PRESIDENT, ASSOCIATION OF SCHOOLS OF PUBLIC HEALTH

BEFORE

US HOUSE OF REPRESENTATIVES

COMMITTEE ON APPROPRIATIONS

SUBCOMMITTEE ON COMMERCE, JUSTICE, STATE, THE JUDICIARY
AND RELATED AGENCIES

CONTRIBUTIONS TO INTERNATIONAL ORGANIZATIONS

28 MARCH 1990

Mr Chairman,

I am grateful for the opportunity to appear before you today to testify in support of the President's Fiscal Year 1991 appropriation request for the U.S. contribution to the World Health Organization (WHO) and the Pan American Health Organization (PAHO).

My testimony represents the views of a number of national organizations concerned with health:

American Academy of Pediatrics

American Association for World Health

American Medical Association

American Medical Student Association

American Nurses Association

American Public Health Association

Association of Schools of Public Health

Educational Commission for Foreign Medical Graduates

National Council for International Health

Mr Chairman, as you are aware, over the last five fiscal years, the U.S. has increasingly fallen behind in meeting its financial obligations to the World Health Organization and the Pan American Health Organization. As a result of the shortfall in the U.S. contribution, WHO has had to cut back programs, deplete its Working Capital Fund and resort to internal borrowing to fund its year-end activities. The fact that the appropriation pays the U.S. contribution due in the previous fiscal year further exacerbates WHO's financial situation.

The national organizations I represent appreciate the efforts of this Committee to provide close to full funding for WHO and PAHO in recent fiscal years. Despite these efforts, however, U.S. prior year arrears to WHO have grown to $32.9 million. PAHO's prior year arrears now stand at $14.3 million.

Mr Chairman, we hope that your efforts to repeal Section 614 of the Fiscal Year 1990 Appropriation Act will prove successful. If so this would reduce arrears to WHO to $27.1 million and PAHO's arrears would not increase further.

Mr Chairman, I would like to put on record some of the recent accomplishments of WHO - accomplishments which directly serve the interests of the United States.

Tropical Diseases

Mr Chairman, today WHO released information concerning the devastating impact of tropical diseases worldwide. According to a new analysis by WHO, almost half a billion people - nearly one person in ten - are now suffering from tropical diseases. Support for major new research and control initiatives is needed to curb a worsening situation. Tropical diseases - malaria, schistosomiasis, filariasis, Chagas disease, river blindness, leishmaniasis, leprosy, African sleeping sickness - cause tremendous pain and suffering. In the words of WHO's Director-General, "they impede national and individual development, make fertile land inhospitable, impair intellectual and physical growth, and exact a huge cost in treatment and control programs."

Paradoxically, the process of development in itself can provoke outbreaks of tropical disease. These diseases have become closely associated with people's need to earn income - for example, with the recent massive migration from rural to urban areas, and with new irrigation and mining projects.

WHO has been in the forefront of the fight against tropical diseases, and there are some successes to report:

- Leprosy is now declining, with 2.6 million patients now under treatment, or having completed treatment, with an effective combination of three drugs.
- River blindness has declined in West Africa because of control of the blackflies that carry the parasite, and should decline further because of an effective new drug, ivermectin.
- Chagas disease is being reduced in Brazil through control of the carrier insects.
- In Uganda, tsetse flies, the carriers of sleeping sickness, are being controlled with simple traps.
- The drug, praziquantel, has helped reduce some of the most serious effects of schistosomiasis - massive swelling of liver and spleen and kidney damage.

- The drug, praziquantel, has helped reduce some of the most serious effects of schistosomiasis - massive swelling of liver and spleen and kidney damage.

- Since the 1950's, malaria has been eradicated from areas inhabitated by 1.5 billion people, and mortality widely reduced: for example, malaria deaths in Thailand have been reduced 75 percent in the last ten years from 4,000 to 1,000, mainly through improvement in diagnostic and treatment facilities.

Some 5 000 researchers worldwide are cooperating with WHO's Program for Research and Training in Tropical Diseases, to develop new drugs, vaccines, diagnostic tests and control methods and to investigate the social and economic circumstances that can either help or impede treatment and control. This research program is an example of UN agency cooperation: UNDP and the World Bank are co-sponsors of the program.

Child Survival

I know many in the Congress share particular interest in child survival activities. Earlier this month in Bangkok a meeting of the Task Force on Child Survival brought together nearly 100 health ministers and experts. This meeting was organized by WHO, UNICEF, the World Bank, UNDP and the Rockefeller Foundation. It is another fine example of UN agencies, governments and the private sector working together to solve problems.

The Task Force set an ambitious goal for this decade of eradicating or bringing under control major diseases that still claim the lives of 40 000 children a day. Over 2 million child deaths are already being prevented each year through vaccines, but almost 3 million others die from vaccine-preventable diseases. Diarrhoeal diseases and acute respiratory infections claim the lives of nearly 6 million children a year and 100 million children suffer from malnutrition. In addition, some 500 000 women die while giving birth.

WHO's role in the child survival campaign is to find the technical means to achieve the goal of eradicating or controlling disease. WHO scientists will continue to work on developing improved vaccines, more efficient oral rehydration therapy, new diagnostic tools and treatments for acute respiratory infections.

WHO has obtained extensive evidence that improving child survival results in lower birth rates as parents become convinced their first born children will survive. Stabilization of population and improved health for all are cornerstones of development, and development is the key to peace and security for us all.

AIDS

WHO's work to prevent and control AIDS worldwide is well-known. WHO is collaborating with some 150 countries in the implementation of national AIDS plans, developed with WHO's technical assistance and funded by WHO and bilateral aid agencies, such as A.I.D.

The AIDS pandemic continually presents new challenges. WHO is deeply engaged in the area of drug use and HIV infection. From WHO's perspective, the most important dimension involves reduction of demand, through prevention of drug use, and through the treatment and rehabilitation of drug users.

WHO recently convened, in cooperation with the Government of France, an International Conference on AIDS in Mothers and Children. This Conference focussed new attention on the priorities and perspectives of women, mothers and children and AIDS for the coming decade. In reviewing the community, national and international response to HIV and AIDS in women, mothers and children, the Conference identified major deficiencies in the areas of services, research, and policies. In the 1990's, WHO will spearhead efforts to redress these deficiencies.

* * *

Mr Chairman, in conclusion, the World Health Organization and its regional arm, the Pan American Health Organization are infinitely valuable to the United States. If they didn't exist, we would have to invent them. The United States has always played an important leadership role in both WHO and PAHO. Failure to meet our full financial obligations to these Organizations is compromising that role.

Thank you, Mr Chairman.

Mr. SMITH. Have you attended WHO meetings in Geneva?

Dr. HENDERSON. Many, many over the years.

Mr. SMITH. What was the last one?

Dr. HENDERSON. It has been several years since I have been there.

Mr. SMITH. I see. I was a delegate there twice, and I was never so disappointed in my life.

Dr. HENDERSON. I share your disappointment, they are not particularly stimulating meetings.

Mr. SMITH. They can be just terrible. They will have a debate on subjects that have nothing to do with health. And each delegate is allocated a maximum time so that everyone thinks they have to take 15 minutes.

Dr. HENDERSON. Mr. Chairman, I spent 11 years with the World Health Organization and as a part of the Secretariat, we had to sit through many of those meetings. I would say that the formal meetings, one did not accomplish very much. In the corridors when you had the opportunity with health ministers from various countries, to talk with them, frankly about problems you accomplished an awful lot.

But I would say, we always felt that most of the work was done in the corridors and not in the plenary sessions which were absolutely dreadful.

Mr. SMITH. It just seemed to me that if they had about one quarter as plush facilities and been located in a third world country, somewhere, where it was not too comfortable, we might have gotten down to work and gotten something done. And the meetings you are talking about in the corridors could have been done in a room then, where you are trying to do business, you know?

Dr. HENDERSON. I guess we would all agree with you and as I think the Director General at that time would have agreed with you that it was an accident of history. I think at one time, it was thought that it would be good to have it in New York City and I will not comment on that, but it was a compromise finally that we wound up in Geneva, because that had been the site of the UN health organizations prior to between wars and that is why it wound up there.

It is rather inappropriate I would say. I would say in my time there, my wife insisted one time I count the days that I was there and they ran about 30 percent of the time and the other 70 percent of the time was in the field.

And I think that many of the staff did the same.

Mr. SMITH. It just seemed to me that there were excessive staff around there, too.

Dr. HENDERSON. You would be surprised how small the staff is, it really—to cite for you, I was director of the Small Pox Eradication Program and we had five professional staff and three secretaries and we had roughly in the field, and many of these were national people, we had about 150,000 people working on the program.

Mr. SMITH. That was working on that program, but how many other so-called programs did they have going at the same time that we never heard about?

Dr. HENDERSON. Well, there is a lot that are less, shall we say, sexy, perhaps. For us in the field of medicine we need to have agreement on how diseases are diagnosed so that you could compare from country-to-country, rates and things like this, and are rather mundane and dull but very important things.

Similarly in agreeing about products for the pharmaceuticals and what should be the proper name and how we are going to identify these things, and it is not very interesting work but if we did not have it done, we would have to create an organization to do it, so that we at least have a common language.

Mr. **Smith**. Well, is there not a more efficient way to get it done though?

Dr. **Henderson**. I have thought many times about this and I find it very difficult to imagine that you could. When you look at the size of the organization compared to the considerable number of things that one does and that the organization is asked to do, it is not a very large staff, it really is not.

There, I could go down unit-by-unit of the units that are there, and there are very few at this present time in Geneva, working on the polio eradication, there are two professional people. There are about four here in the regional office here.

Most of what they do is catalytic to bring groups together in the countries to try to bring together Rotary International and the UNICEF people and the AID people, with the country people and work out a plan, and develop a strategy and learn from the experience.

There is an awful lot which one does that is just plain catalytic to the whole process. But in the course of this, we can learn a lot which is of enormous benefit around the world, and it is of enormous benefit, indeed, to the U.S.

And this pays immense rewards—from a perhaps a parochial standpoint of having been there, I would say that this is really an organization which pays us many times, what we put into it.

Mr. **Smith**. Well, it has been several years, but it just seemed like to me that we were wasting some very valuable time. There are so many things that need to be done and we were proceeding in the slowest possible way.

Dr. **Henderson**. Yes, I fully sympathize with your views on the character of the World Health Assemblies, is what goes on in the plenary sessions is fairly dull but I would offer one caveat to this.

What we saw again and again, was when Ministers came and made reports, which droned on and on, as you heard, it was interesting that programs which were deemed of priority by the assembly, they would then focus on in their reports.

We saw it back home that they often prior to this and subsequent to this paid a lot more attention to them. And the mere fact that they had to say something about it, did much more than might have appeared in the course of a meeting there.

So it is a peculiar dance is the best way to describe it.

Mr. **Smith**. One of the big discussions was whether you distribute the morning communique in five languages or six? And I do not know what good that did somebody from Uganda to make a 15-minute speech about that, you know?

Mr. **Early**. Mr. Henderson, I appreciate in your remarks where you suggested that you probably do much good, but that it does not get recognized by many people.

Dr. **Henderson**. That is right.

Mr. **Early**. As one who believes that public health is a vehicle in which the United States should lead the world, I get frustrated when I here about incidents like Mr. Smith spoke of—doing something in five languages—when public health is the one method of assistance which cannot be black marketed. That can happen when we give food to a dictatorial country, but this type of delivery we should be able to capitalize on so much more.

I find myself having trouble justifying the funding of those two organizations—WHO and PAHO—because I do not think that we achieve what we set out to do. I find your statement very interesting. I think the potential of those two organizations is so great, but I think that we have not done a very good job. Those poor countries that get the services—as far as measles, or the tropical diseases or any of those things—the people they should be able to say that these organizations really help us. "

Dr. **Henderson**. Let me just reflect on that.

I think the history in this country as well as the developing countries for many years has been a focus on curative medicine, and hospitals treatment, drugs, organ transplants and that sort of thing.

We have had a very heavy emphasis on that. And what we do is often reflected in the developing countries. This is what has happened.

If the last decade, I think that we have begun to see a major shift to say, we can really do much more if we try to prevent disease rather than put the resources into the curative side, which is terribly expensive and well beyond what you can do.

This led to a beginning barely a decade ago of what we call the program on immunization. And a little more than a decade ago, you had 5 percent of the children being vaccinated against diphtheria, whooping cough, tetanus, polio and measles, and whole wards full in the hospitals of children of these diseases.

Mr. **Early**. In these countries you are talking about?

Dr. **Henderson**. Yes, indeed.

Mr. **Early**. Those are the things that I cannot understand: why we cannot just deliver the services, rather than talk about staff and other administrative matters. The diseases we in the U.S. have come to grips with—malaria and measles and those type of things—why are we not getting that information out to these poor countries?

Dr. **Henderson**. Well, that is the point I would make to you, sir.

In the last decade it has gone from less than 5 percent of the children to 70 percent of the world's children being vaccinated, is because of this program. It is why in the Western Hemisphere we saw this very dramatic drop in polio myelitis that led to the decision to say, cannot we just eradicate it from the whole of the Western Hemisphere?

And, indeed, we have had exactly one isolation, one polio virus in the last 12 months in the whole Western Hemisphere and this is an initiative by these organizations.

Mr. **Early**. I would like to think that is true, but like in Africa, we hear about AIDS and how it is transmitted. I cannot understand why your organization cannot make that type of information public.

Dr. **Henderson**. There is no question, we do not do an adequate job in public health either in this country or abroad in letting people know what we are doing. This is frustrating to us as well.

What really makes headlines is heart transplants or liver transplants or what have you. When you say today, well, sure in the Western Hemisphere we are down to the point of virtually eradicating polio myelitis, it is very hard to even get people to pay attention to it. It is not bad news, it is good news.

Mr. **Early**. Why would WHO spend any time deciding whether to distribute information in six languages? Should not your two organizations be delivering the message in one language to the specific country that we are trying to get it to?

Dr. **Henderson**. I think that this is a problem that is intrinsic to all of the United Nations deliberative bodies, and how many languages are you going to have and there is forever an argument, it is in the United Nations system, are you going to do it in French and English and German and Russian and Chinese and Arabic, you come up with six fairly quickly.

And these are questions that are beyond us as health people. A lot of this, as you know, it relates to national sensibilities and a variety of things of that sort.

The deliberative bodies do spin their wheels from time to time. And this is one organization that has the characteristics of a large deliberative body.

But I think that is a very small part of the whole and what is being done by these two organizations which we very strongly support as being tremendously effective. They really are.

Mr. **Early**. Thank you, Mr. Chairman.

Mr. **Smith**. Thank you for appearing before the subcommittee.

Dr. **Henderson**. Thank you.

Wednesday, March 28, 1990.

OFFICE OF THE U.S. TRADE REPRESENTATIVE

WITNESS

HON. SAM M. GIBBONS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF FLORIDA

Mr. **Smith**. Mr. Gibbons.

Mr. **Gibbons**. Thank you, Mr. Chairman.

Mr. **Smith**. We are glad to have our colleague, Sam Gibbons.

Mr. **Gibbons**. Thank you very much and I apologize Mr. Chairman, I appreciate your allowing me to come.

Mr. **Smith**. That is all right.

Mr. **Gibbons**. The Ways and Means Committee had a bill of mine before it this morning and this afternoon and probably will for a few more weeks and that had me tied down.

I am here really to talk about one little agency. It is so small that I hate to even talk about their budget, you know, their budget, if fully funded for the next fiscal year, will only be $21 million.

That is almost, you can just round it out among all of the figures that those folks on the Budget Committee are using.

But the 156 people who work at the U.S. Trade Representative's Office are probably doing more work for their $21 million than about anybody in government.

They have huge responsibilities. They are the principal agency, as you know, in all of this huge multi-lateral trade negotiation going on now, called the Uruguay Round and very frankly, they are horribly understaffed. We are trying to restore to them the budget that OMB cut and it is only eight positions that we are trying to restore.

They need about 80 but they are not going to ask for if and we do not want to do that to them. We want to keep them lean and mean and trim.

But they do need those eight positions, they need the money for that. And they need to badly upgrade their communications system. By nature of their trade negotiating status they are scattered all over the world.

And their telephone system is just not adequate. Their computer system is just not adequate and so they need the money that they asked for that they did not get. And you know, the office—over the years—you go and sit in the agency and you know it has been neglected. The furniture is worn out and they are piled-up on top of each other and they move from pillar to post down there around the White House. And they just need some help, Mr. Chairman.

I want to ask you all to pay particular attention to this little agency.

[The statement of Mr. Gibbons follows:]

STATEMENT OF THE HONORABLE SAM M. GIBBONS, CHAIRMAN, SUBCOMMITTEE ON TRADE, COMMITTEE ON WAYS AND MEANS, BEFORE THE SUBCOMMITTEE ON COMMERCE, JUSTICE, STATE, AND JUDICIARY, COMMITTEE ON APPROPRIATIONS

March 28, 1990

Mr. Chairman and Members of the Subcommittee, I appreciate the opportunity to appear before you today concerning appropriations for the Office of the U.S. Trade Representative (USTR).

The Committee on Ways and Means approved on March 21 and the House passed yesterday under suspension of the rules legislation (H.R. 4328) that includes a two-year authorization of appropriations for the USTR for fiscal years 1991 and 1992. The Committee is making every effort with its Senate counterparts to obtain enactment of the authorization prior to House action on appropriations.

The House has authorized total appropriations for the USTR of $23,250,000 for fiscal year 1991 and $21,077,000 for fiscal year 1992. These levels include $2,050,000 each year for binational panel reviews provided for under Chapter 18 of the U.S.-Canada Free-Trade Agreement. The fiscal year 1991 authorization is the amount requested by the USTR from the Office of Management and Budget. It includes $754,000 for 8 additional permanent staff positions, an additional $509,000 to conclude the Uruguay Round of Multilateral Trade Negotiations conducted in Geneva, $1,567,000 for one-time costs of upgrading computer and phone equipment and installing modular office furniture, and $925,000 to fully cover mandatory pay increases and other increased costs of current services. A 9 percent decrease in the authorization level for fiscal year 1992 reflects the one-time costs in 1991 and the end of Uruguay Round support.

The President's budget request for fiscal year 1991 of $18,936,000, minus $1.5 million requested solely for U.S.-Canada panel reviews, would provide a funding level actually available to USTR of $17,436,000--an amount less than appropriations for the current fiscal year ($17,778,000 after sequestration) and less than the cost of maintaining current services. This request assumes that USTR activity will decline after the Uruguay Round of Multilateral Trade Negotiations due to conclude in December.

The authorizing Committee on Ways and Means disagrees with this premise. The USTR by statute is the President's Cabinet-level chief trade adviser, coordinator of U.S. trade policy, and chief negotiator of international trade agreements. The ever-growing importance of international trade to the U.S. and global economies has meant a continual increase in bilateral and multilateral trade issues that require USTR attention for policy response or negotiation. Legislative activity on trade issues also increases each year requiring USTR coordination and response on behalf of the Administration.

The Uruguay Round will continue at least through the first half of fiscal year 1991. The first quarter of the fiscal year through the December concluding Ministerial meeting in Brussels will be the most intense negotiating period, requiring considerable travel and delegation staff support. Drafting the final legal texts of the agreements and working with the Congress on the implementing legislation will involve substantial follow-up activity.

The Omnibus Trade and Competitiveness Act of 1988 imposed greatly increased responsibilities on the USTR as permanent functions requiring continual administrative action, negotiations, and reports to the Congress. The U.S.-Canada Free-Trade Agreement involves ongoing resolution of bilateral issues and further negotiations to expand the scope of the FTA as mandated by the implementing legislation. Recent developments in Eastern Europe and the Soviet Union have greatly increased the burden on USTR resources as the agency with chief responsibility for negotiating bilateral trade, investment, and business facilitation agreements with these countries. Bilateral trade relations with Japan, the European Community, and numerous developing countries to increase market access for U.S. products and to remove unfair trade practices involve considerable travel expense and staff resources. Developments in the formation of the European single market require continual monitoring and response. These are all ongoing activities that will continue after the Uruguay Round. And the Uruguay Round implementing legislation itself will undoubtedly increase USTR responsibilities to monitor and carry out the agreements.

The Congress appropriated $3.1 million less than the total authorization for the USTR for the current fiscal year. As a result, the upgrading of outmoded computer and phone equipment that is an essential link between the Washington and Geneva offices has been postponed. Staff resources are now stretched too thin as work demands have greatly increased this year. Unlike large departments, this small agency of 156 people does not have the capacity to shift budget and staff resources as the workload continues to grow.

I urge this Subcommittee to appropriate the budget levels authorized by the House for the USTR in fiscal years 1991 and 1992. It is vitally important that this agency has adequate resources to fulfill its lead role in national trade policy as mandated by the Congress.

Mr. SMITH. When will the authorization bill be passed?

Mr. GIBBONS. It passed the House yesterday or the day before yesterday. And, you know, Mr. Chairman, I just cannot guarantee what that Senate will do. We sent them trade bills from the Ways and Means Committee over a year ago, and they still have not been able to get them out.

Mr. SMITH. Then it is not a bill that is likely to be even as a vehicle for some other——

Mr. GIBBONS. God only knows.

I sent them a bill for the relief of one of my constituents one time that had mis-imported some products and the Treasury had trapped him in the thing when they knew from the day that the stuff landed on the docks that they were mislabeled. And they stuck the poor old guy for $210,000 worth of penalties. He had never seen that much money in his life. And when the bill got over to the Senate, they hooked the Natural Gas Deregulation Act to it.

Mr. SMITH. Well, that sounds reasonable. [Laughter.]

Mr. GIBBONS. I had a bill that was less than a whole full page, but over there, just ridiculous, not even controversial, and the Treasury was for it. God, if you get them for some mistake that they have made, and they put the Natural Gas Deregulation Act on it. His son who was a Green Beret, a fellow in Viet Nam, burned his beret and his father had a heart attack and his mother had Alzheimer's. And it was just a miserable damn thing.

And so I do not know what the Senate will do.

Mr. SMITH. I see.

Mr. GIBBONS. And that is just the problem that I have year after year after year. We can get things out——

Mr. SMITH. Is this a one-year or a two-year——?

Mr. GIBBONS. This is a two-year authorization. Next year, we are actually asking you to cut the money some, because in the year that follows their responsibilities will drop and then like all agencies they ought to trim back when their responsibilities drop and they will no longer need to put in the telephone system. They will not need to put in the upgraded computer, and they will not need to divide their office up properly and things of that sort.

And they will not need to travel as much after this round gets over, when and if it does. It is still—in any international negotiation you go faster the last couple of weeks in the negotiation than you go in the first four or five years of it, and that is what is happening. We are beginning to see it move now. Things are beginning to fall into shape.

But there is a tremendous amount of work and a tremendous amount of travelling and a tremendous amount of telephone calls and computer work that has to be done.

The biggest thing that this government has ever tackled in international negotiations and trade and it is 20 percent of all the factory jobs in America, and it is 35 percent of all of the foreign jobs in America, and it is big. And international trade now is over $700 billion a year and just 20 years ago, it was only $50 billion.

So it has grown from $50 to $700 billion. You have got the same agency, the same people—well, not the same people, because they get hired away so fast by the private sector that we cannot keep the best people. But we have to go and meet the best people around the world.

The Europeans, the Japanese and everybody else we have got to negotiate with. So just you all do all you can to help that little agency.

Mr. **Smith**. Okay, thank you and it will be helpful if we add it to your bill.

Mr. **Gibbons**. Yes, we have done it to your bill and we also cover, as you know, the International Trade Commission, we have got that bill in there. We studied their budget a whole lot and we are actually standing back on them. Their business has dropped off but it is going to pop back up again.

Really it is the devaluation of the dollar that changes their business a hell of a lot. And we have the Customs people and you know, their business is growing all the time. Their law enforcement role just keeps exploding. But we have had some very complicated laws in the Customs area and frankly, you know, I think we sometimes play a game with the administration—they know we are going to put those positions back in there, so they cut them out, and they look like good guys reducing the budget and we have to put them back in and we look like spendthrifts.

But you know the Customs people collect $20 billion worth of revenue a year and they spend a little over a billion doing that. And plus they do all of that law enforcement on top of that.

Mr. **Smith**. Yes.

Mr. **Gibbons**. So we have got some big problems in that area, they are growing very rapidly as everything else grows.

And I am willing to step up to the platter and do what has to be done on the taxes. I told Rostenkowski, you have got a good proposal and I will vote for it, damn it. I have always been willing to do that, but I just ask you all to do what you can for this little agency that it so important to all of us.

Mr. **Smith**. Okay, thank you very much.

Mr. **Gibbons**. Thank you for allowing me to do it. And I apologize again.

Mr. Early, you ought to be in the European Community—they do business over there in 11 languages.

Mr. **Early**. Is that right?

Mr. **Gibbons**. Yes, indeed.

Mr. **Smith**. Thank you for presenting your testimony, Mr. Gibbons. The hearing is adjourned, there being no further business.

THURSDAY, MARCH 29, 1990.

NOAA, ZEBRA MUSSELS

WITNESS

HON. DAVID E. BONIOR, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MICHIGAN

Mr. DWYER [presiding]. The meeting will now come to order.

We have a 15-minute panel that Congressman David Bonior is part of, but you have another meeting. So why don't you proceed?

Mr. BONIOR. Well, I thank you, Mr. Chairman. I really appreciate you and your staff giving me the opportunity to speak early on this because of the task force operation on the child care bill that is pending in a few minutes.

I want to talk to you about something that has been a very serious problem in the Great Lakes, in my district in particular, and sometimes it is looked at in jest, but it is a very, very serious problem.

Thank you for allowing me to appear today. As you know, the Great Lakes are facing a major threat from zebra mussels and other exotic species. These species are a threat to our quality of life and our economy in the Great Lakes. The zebra mussel, for example, has already crippled the fishing industry of Lake Erie and is expected to work its way through all of the Great Lakes.

In order to control the zebra mussel, we must know a little bit more about it. Unfortunately, Mr. Chairman, we don't know too much about it. We must learn how to prevent it from spreading. The $3 million we are requesting would fully fund Federal research efforts aimed at learning more about this and other exotic species.

As my colleagues will illustrate in the next hour, the zebra mussel is rather new to the Great Lakes. Although it has been in our midst just a few years, it has become extremely harmful and has been a tenacious threat.

In less than four years, the zebra mussel has worked its way south with the current from Lake St. Clair, through the Detroit River and into Lake Erie. Now, it is also creeping north through the St. Clair River towards Lake Huron. It is anticipated by late this summer the zebra mussel will have moved into Lake Huron.

According to the U.S. Fish and Wildlife Service, the zebra mussel could cause $5 billion worth of damage—$5 billion—to U.S. and Canadian factories, ships, fisheries, water supplies, and power plants all during the next decade. In 1989, the infestation of Lake Erie by the zebra mussel cost the fishing industry over $200 million due to the destruction of fish spawning beds and plankton that fish eat.

Just last December, in Monroe, Michigan, which is the home of Congressman John Dingell, the zebra mussel caused a crisis that threatened the health and safety of every single area resident. The mussels clogged an intake pipe and forced a water treatment plant to shut down for three days. Residents had to cut water usage and boil water before drinking. Schools were closed; hospitals were forced to perform only critical operations. And restaurants, bars, and malls were forced to shut down. In addition, a power plant in Monroe—a major power plant, I might add—had to reduce its power by 25 percent due to these mussels.

In my district, along Lake St. Clair and the St. Clair River and Lake Huron, there are several water treatment plants that serve residents of the entire metropolitan Detroit area. We are just beginning to see the effects of the zebra mussel. When the water warms up this spring, and the zebra mussel starts to spawn, the water treatment plants on the St. Clair River will likely have zebra mussels clinging to their water intake pipes, as they did down in Monroe.

Boaters in Lake St. Clair—which, by the way, it is the most heavily used boating recreational area in the world, not just in the United States but in the world, these boaters are already finding zebra mussels on their hulls. It attaches itself to boat hulls and works its way into small boat motors. In my district, boaters fear they will have to face what happened in Lake Erie when the mussels last year coated small boats so thickly that some of them were literally unable to move due to the drag and weight of the mussels.

We have made great strides in coming to grips with the control of exotic species in the Great Lakes. Last year, we enacted the Great Lakes Exotic Species Prevention Act which establishes U.S. and Canadian cooperation to control these species.

Yesterday, Congressmen Hertel and Davis offered an amendment to H.R. 4115, the reauthorization of NOAA, to provide funds for exotic species research. Congressman Nowak has also introduced legislation to provide $4 million for research into control of the mussels. And I strongly support both of these efforts. But, Mr. Chairman, we really need a united action to deal with this mussel. The appropriation of $3 million by your committee will give us a fighting chance. The key to fighting the mussel is knowledge. We must have greater funding for research before we can begin to control the spread of this and other exotic species.

Mr. Chairman, I urge your committee to appropriate these funds for exotic species control and eradication. The investment we make today will go a long way to save the Great Lakes from billions of dollars in lost revenue and crippled industries caused by the mussel and other exotic species.

I want to thank you again for allowing me to testify early this morning. I appreciate your interest in this serious problem that affects our quality of life in the Great Lakes region.

Mr. **Dwyer**. Thank you. Thank you very much for being here this morning.

[The prepared statement of Mr. Bonior follows:]

Testimony by

Congressman David E. Bonior

March 29, 1990

before the

Appropriations Subcommittee on Commerce, Justice, State and Judiciary

Mr. Chairman, thank you very much for allowing me to appear before you today. As you know, the Great Lakes are facing a major threat from zebra mussels and other exotic species. These species are a threat to our quality of life and our economy in the Great Lakes. The zebra mussel, for example, has already crippled the fishing industry of Lake Erie and is expected to work its way through all of the Great Lakes.

In order to control the zebra mussel, we must know more about it. We must learn how to prevent it from spreading. The $3 million we are requesting, Mr. Chairman, would fully fund federal research efforts aimed at learning more about this and other exotic species.

As my colleagues have illustrated, the zebra mussel is a newcomer to the Great Lakes. Although it has been in our midst just a few years, it has become an extremely harmful and tenacious threat.

In less than four years, the zebra mussel has worked its way south with the current from Lake St. Clair, through the Detroit River and into Lake Erie. Now, it is also creeping north through the St. Clair River towards Lake Huron. It is anticipated that by late this summer the zebra mussel will have moved into Lake Huron.

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In my district, along Lake St. Clair and the St. Clair River there are several water treatment plants that serve residents of the entire Detroit Metropolitan area. We are just beginning to see the effects of the zebra mussel. When the water warms up this spring and the zebra mussel starts to spawn, the water treatment plants on the St. Clair River will likely have zebra mussels clinging to their water intake pipes.

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We have made great strides in coming to grips with the control of exotic species in the Great Lakes. Last year, we enacted the Great Lakes Exotic Species Prevention Act which establishes U.S. and Canadian cooperation to control exotic species.

Yesterday, Congressmen Hertel and Davis offered an amendment to H.R. 4115, the reauthorization of National Oceanic and Atmospheric Administration programs, to provide funds for exotic species research. Congressman Nowak has also introduced legislation to provide $4 million for research into the control of zebra mussels. I strongly support both of these efforts.

But, Mr. Chairman, we really need united Congressional action to deal with the zebra mussel. The appropriation of $3 million by your Committee will give us a fighting chance. The key to fighting the zebra mussel is knowledge. We must have greater funding for research before we can begin to control the spread of this and other exotic species.

Mr. Chairman, I urge your committee to appropriate these funds for exotic species control and eradication. The investment we make today will go a long way to save the Great Lakes from billions of dollars in lost revenue and crippled industries caused by the zebra mussel and other exotic species. Thank you again for allowing me to testify this morning. I appreciate your interest in this serious problem that affects our quality of life in the Great Lakes.

THURSDAY, MARCH 29, 1990.

NOAA, NATIONAL MARINE FISHERIES SERVICE

WITNESSES

HON. GERRY E. STUDDS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MASSACHUSETTS

HON. DON YOUNG, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ALASKA

Mr. DWYER. Congressman Studds from the State of Massachusetts. Is Congressman Young with you?

Mr. STUDDS. Congressman Young is with me in spirit, and allegedly on his way. However, it is a very long way.

Mr. DWYER. Please proceed.

Mr. STUDDS. Thank you.

Mr. Chairman, you have before you a detailed request and recommendations from the Merchant Marine and Fisheries Committee. I will spare you all the details of reading my whole testimony, and I will summarize very briefly, if I may.

We are talking, as you know, about the fisheries components of the proposed NOAA budget for 1991 and also about the international fishery programs in the Department of State budget. The good news is this is the best administration request we have had in a decade. The bad news is that it is good news on account of how it only cuts the entire thing by 17 percent this year. Since the National Marine Fisheries Service is the only agency within NOAA that is targeted for reduction—the only agency—it seems to us uniquely unfair. It is also lousy economic and national environmental policy.

We are recommending a budget, not what we would have in a perfect world—we are not that naive—that would allow NMFS to continue essential operations at roughly their current, barely adequate levels. We recommend an overall appropriation of approximately $193 million, which is an increase of just about four percent for the traditional National Marine Fisheries functions. In addition, we are requesting that $30 million be appropriated from the Saltonstall-Kennedy fund and that these funds be made available to offset the costs of the initial phase of what we hope will be a new Federal seafood inspection program.

During my appearance here last year, Chairman Smith expressed considerable interest in seeing that a seafood inspection program be gotten under way, and real progress is being made. Now we think it is within the realm of possibility, notwithstanding joint multiple committee jurisdiction, that we can enact such a program this year.

With respect to programs constituting the information collection and analysis component of the budget, we are asking for a 14 percent increase. I would like to point out that in fisheries management, which is critical, information is quite literally everything. Without good research data, effective management is impossible. Without good management, effective conservation is impossible. And without effective conservation, our fisheries quite literally will collapse, and this will cause a loss of jobs and tax revenues that will far exceed the modest budget costs here.

I would just remind the Chair, as I think you know, that fisheries throughout the country are stressed. In the Northeast, in particular, they are more than stressed. They are in critical condition.

The gentleman from Alaska, Mr. Young, is now literally here.

The committee supports the new line items. Believe it or not, there are some requested by the administration, and I would like to draw your attention to our request for an increase of $1.25 million in the new line item for conservation engineering. It is a bizarre-sounding phrase, but it has to do with how we work with the problem of an unintended buy catch of species and keep them alive rather than simply throwing them away and wasted. The administration total is limited to the State of Alaska, but we think it is a national problem. We recommend that research be conducted on a national basis.

We recommend a doubling of the $3 million requested for marine mammal population assessments. These assessments will be absolutely essential—they are required, in fact, by law by the Marine Mammal Protection Act Amendments of 1988.

I also call your attention to projected lab consolidation savings of $4 million. We recommend, and it will not surprise you, that we restore those moneys. We don't think those labs ought to be or will be consolidated.

In the conservation and management operations category, we are recommending a $1 million appropriation to help the conservation and management of George's Bank fisheries, and I mentioned that to you before. The support of this committee for that line item last year allowed our scientists and managers in the New England area obtain the information necessary to make some very difficult but very necessary management decisions. We appreciate your support.

Also important is our recommendation to increase appropriations for the Regional Fisheries Management Councils by a modest $1.8 million. Those Councils have been operating without an increase for the past five years, and they are our front line in trying to conserve the fisheries resources of the country.

We also recommend an increase of $1 million over the administration's request for the driftnet program implementation. This is also necessary for the United States to fulfill its obligations under international agreements recently negotiated.

Finally, if I may, I would like to emphasize the importance of restoring some $4.4 million for product quality and safety research at laboratories in Gloucester, Seattle and Kodiak. This is especially important in light of the imminent development of a national seafood inspection program. These labs will be doing some of the necessary work.

Finally, Mr. Chairman, in these days of very difficult and thoroughly logical budget constraints, I want to express our appreciation for the understanding and imagination and flexibility that you have shown in the past. We appreciate it very much.

[The statement of Mr. Studds follows:]

STATEMENT OF U.S. REPRESENTATIVE GERRY E. STUDDS ON BEHALF OF THE COMMITTEE ON MERCHANT MARINE AND FISHERIES BEFORE THE

SUBCOMMITTEE ON COMMERCE, JUSTICE, STATE AND THE JUDICIARY COMMITTEE ON APPROPRIATIONS

MARCH 29, 1990

MR. CHAIRMAN, I WANT TO THANK YOU AND THE MEMBERS OF THE SUBCOMMITTEE FOR ALLOWING US TO APPEAR BEFORE YOU TODAY. WE ARE HERE TO PRESENT THE RECOMMENDATIONS OF THE COMMITTEE ON MERCHANT MARINE AND FISHERIES ON THE FISHERY COMPONENTS OF THE PROPOSED NOAA BUDGET FOR FISCAL YEAR 1991. ACCOMPANYING OUR TESTIMONY IS A LIST OF SPECIFIC RECOMMENDATIONS FOR CHANGES IN THE PRESIDENT'S BUDGET REQUEST. WE HAVE ALSO INCLUDED RECOMMENDATIONS FOR INTERNATIONAL FISHERY PROGRAMS CONTAINED IN THE BUDGET FOR THE DEPARTMENT OF STATE.

MR. CHAIRMAN, THE GOOD NEWS IS THAT THIS IS THE BEST ADMINISTRATION BUDGET REQUEST FOR FISHERIES PROGRAMS WE HAVE SEEN IN TEN YEARS. THE BAD NEWS IS THAT IT WOULD STILL CUT THE BUDGET FOR THE NATIONAL MARINE FISHERIES SERVICE BY 17%. GIVEN THE FACT THAT NMFS IS THE ONLY AGENCY WITHIN NOAA TARGETED FOR A REDUCTION, THIS BUDGET IS NOT FAIR. GIVEN THE FACT THAT A 17% DECREASE WOULD MAKE IT IMPOSSIBLE FOR NMFS TO DO ITS JOB, THE BUDGET IS ALSO NOT GOOD ECONOMIC POLICY, ENVIRONMENTAL POLICY OR NATIONAL POLICY.

WE KNOW BETTER THAN TO ASK YOU FOR MIRACLES, BUT WE DO RECOMMEND A BUDGET THAT WOULD ALLOW NMFS TO CONTINUE ESSENTIAL OPERATIONS AT ROUGHLY CURRENT LEVELS. THIS RECOMMENDATION IS SUPPORTED NOT ONLY BY MEMBERS OF OUR COMMITTEE FROM BOTH PARTIES, BUT ALSO BY A BROAD RANGE OF COMMERCIAL AND RECREATIONAL FISHERIES ORGANIZATIONS, BY ENVIRONMENTALISTS AND CONSERVATIONISTS, AND BY STATE AND LOCAL GOVERNMENTS, AS WELL.

Turning now to our specific recommendations, our Committee recommends an overall appropriation of approximately $193 million, an increase of roughly 4 percent, for traditional NMFS programs. In addition, we are requesting that $30 million be appropriated from the Saltonstall-Kennedy Fund and that these funds be made available to offset the costs of the initial phase of a federal seafood inspection program.

Mr. Chairman, during my appearance before you last year, we discussed our mutual interest in seeing that seafood is inspected. Since then, our Committee has been working with the Agriculture Committee and the Committee on Energy and Commerce to develop a bill upon which we can all agree. We've made a lot of progress and I believe that enactment of a bill this year is possible.

Obviously, the availability of $30 million from the S-K fund would provide a tremendous boost to our efforts to get an inspection program involving NMFS off the ground.

With respect to programs constituting the **Information Collection and Analysis** component of the budget, the Committee seeks an appropriation of $122 million, a 14% increase from the 1991 base of $107 million. We make this request for the reason that, in fisheries management, information is everything. Without good research and good data, effective management is impossible. Without good management, effective conservation is impossible. Without good conservation, our fisheries will collapse, causing a loss in jobs and tax revenues that will far exceed the cost of the modest budget increases we recommend.

Within this category, the Committee supports the new line items proposed by the Administration. We also recommend several restorations and increases, as well as a few deletions. I would particularly like to draw your attention to our request for an **increase of $1,250,000 in the new line item for conservation engineering**. As you know, fishermen often catch a variety of species not intended for harvest. These fish are thrown back, but many die. This by-catch problem can undermine our entire fishery conservation program, and the Administration wants to see what we can do about it. Although the Administration proposal is limited to Alaska, we believe this is a national problem and recommend that research be conducted on a nationwide basis.

The Committee also recommends a doubling of the **$3,000,000 requested for marine mammal population assessments** by the Administration. These assessments, required by the Marine Mammal Protection Act Amendments of 1988, will provide information necessary for NOAA to recommend a long-term program to manage incidental takings of marine mammals associated with commercial fisheries. The Administration's request is simply inadequate for the purposes of implementing this important law. Under the MMPA Amendments, the long term marine mammal protection program must be in place by 1992. That means that ALL the necessary studies must be started this year. The Administration request doesn't provide for that. Our recommendation does.

I would also like to draw your attention to **the projected Lab Consolidation savings of $4 million** the Committee recommends be restored. We believe it is highly unlikely that currently unspecified "lab consolidations" will actually result in savings in 1991. The Committee cannot support a reduction that, when not realized through consolidation, may force the diversion of funds from other line items.

The Committee recommends that $54 million be appropriated for programs included in the **Conservation and Management Operations** category, a decrease of $6 million from last year's appropriation. Within this category, the Committee is recommending a $1 million appropriation to help in the conservation and management of George's Bank fisheries.

Mr. Chairman, through our hearings last year, it became clear that we need stronger conservation efforts for the traditional groundfish species in the Gulf of Maine and Georges Bank. Your support for this line item last year allowed our fisheries scientists and managers to obtain the information necessary to make tough management decisions. We believe this targeted approach is essential to the restoration of Georges Bank fisheries.

Also important is our recommendation to **increase appropriations for the Regional Fisheries Management Councils by $1.8 million.** The Councils are responsible for developing management plans for all our fishery resources. These plans are continuously updated in response to the health of the fish stocks and the level of fishing effort. The Councils have been operating without a budget increase for the past five years, and an increase in funding is needed to enable them to meet their legislatively mandated responsibilities.

We also recommend an increase of **$1 million** over the Administration's request of $3.3 million **for Driftnet program implementation.** The Administration has recently completed a number of international agreements aimed at phasing out driftnet fishing. In order for the U.S. to fulfill its obligations under these agreements, additional funding will be necessary.

For **State and Industry Assistance Programs,** the Committee recommends $19.5 million, only a million dollars more than last year's appropriated level. As mentioned previously, we also recommend that **$30 million be appropriated from S-K Funds to offset the costs of a national seafood inspection program.** The Administration has once again proposed terminating all industry assistance under this program. While the fund is expected to

ACCUMULATE $61 MILLION THIS YEAR, OUR COMMITTEE RECOMMENDS THAT ONLY $10 MILLION BE MADE AVAILABLE FOR THE GRANTS PROGRAM. OF THE REMAINING $51 MILLION, $30 MILLION SHOULD BE APPROPRIATED FOR SEAFOOD INSPECTION AND THE REMAINING $21 MILLION CAN BE USED TO OFFSET THE NOAA BUDGET.

WITH RESPECT TO OTHER RECOMMENDATIONS, I WOULD LIKE TO EMPHASIZE THE IMPORTANCE OF RESTORING $4.4 MILLION FOR PRODUCT QUALITY AND SAFETY RESEARCH AT THE GLOUCESTER, SEATTLE AND KODIAK LABS. IN LIGHT OF THE CONTINUED EMPHASIS ON THE DEVELOPMENT OF A NATIONAL SEAFOOD INSPECTION PROGRAM, IT WOULD BE FOOLHARDY TO CLOSE THE VERY FACILITIES THAT CONDUCT THE RESEARCH NEEDED TO ENSURE HIGH QUALITY, SAFE SEAFOOD.

FINALLY, THE NMFS BUDGET CONTAINS A CATEGORY FOR **PROGRAM SUPPORT - EXECUTIVE DIRECTION AND ADMINISTRATION**. THESE FUNDS ARE USED TO HIRE PROSECUTORS TO BRING CASES AGAINST VIOLATORS OF THE MFCMA, MMPA, AND OTHER CONSERVATION LAWS. CURRENTLY, THERE IS A SEVERE BACKLOG OF CASES BECAUSE OF INADEQUATE STAFFING. OUR COMMITTEE RECOMMENDS THAT THIS LINE ITEM BE INCREASED BY A MODEST $200,000.

1991
COMMITTEE VIEWS AND ESTIMATES

INFORMATION COLLECTION AND ANALYSIS/RESOURCE INFORMATION

(in thousands of dollars)

1991 BASE	1991 ADMIN. REQUEST	COMMITTEE REQUEST	COMMITTEE CHANGE FROM ADMIN.
$76,438	63,413	83,918	20,505

Program Description

Scientific data and information about renewable resources, including fish, marine mammals, endangered species, and their habitats, is collected. The information generated provides a basis for the protection, conservation and management of living marine resources and their habitats. Federal decisions required by law cannot be made without adequate resource information.

Recommendation

The Committee recommends $83,918,000, an increase of $20,505,000 from the administration request. Specific recommendations are:

1. Increase SEAMAP by $500,000 for a total appropriation of $1,442,000.

2. Restore $1,300,000 for Antarctic research and increase by $200,000 for a total appropriation of $1,500,000.

3. Increase New England stock assessment research by $350,000 for a total appropriation of $1,000,000.

4. Increase conservation engineering by $1,250,000 for a total appropriation of $2,000,000.

5. Increase Bering Sea pollock research by $500,000 for a total appropriation of $1,250,000.

6. Increase west coast groundfish research by $100,000 for a total appropriation of $947,000.

7. Restore $500,000 for oyster disease research;

8. Increase marine mammal population assessments by $3,000,000 for a total appropriation of $6,000,000.

9. Restore $649,000 for protected species research, and increase funding by $500,000 for sea turtle research. This would require a total appropriation of $3,413,000.

10. Increase marine mammal research by $821,000 for a total appropriation of $5,000,000. The priority for these additional funds is dolphin research in the Atlantic Ocean and the Gulf of Mexico.

11. Restore $250,000 for right whale research;

12. Increase methodolgy for habitat research evaluation by $500,000 for a total appropriation of $971,000. These additional funds are to be used for habitat research methodology at the Beaufort Lab.

13. Restore $1,600,000 for Chesapeake Bay research;

14. Increase Pacific Salmon Treaty funding by $500,000 for a total appropriation of $5,208,000.

15. Restore $3,000,000 for Alaska salmon enhancement activities;

16. Restore $235,000 for Yukon River chinook salmon studies;

17. Restore $500,000 for Atlantic Salmon research;

18. Restore the $4,000,000 projected as Lab Consolidation savings. These savings are unrealistic.

19. Add $250,000 for Bering Sea Crab Assessment. This new line item would fund the federal share of the research necessary to implement the fishery management plan for Tanner and King crab.

VIEWS AND ESTIMATES

INFORMATION COLLECTION AND ANALYSIS/FISHERY INDUSTRY INFORMATION

(in thousands of dollars)

1991 BASE	1991 ADMIN. REQUEST	COMMITTEE REQUEST	COMMITTEE CHANGE FROM ADMIN.
$10,898	13,898	16,898	3,000

Program Description

Information is collected on commercial and recreational harvesting, processing, and marketing of living marine resources from foreign and domestic fishing vessels. Surveys are conducted on fishermen, records of landings, and onshore fishery facilities through cooperation with the states, foreign governments, and the commercial and recreational fishing industry. Effective Federal decisions regarding the conservation and management of living marine resources cannot be made without this information.

Recommendations

The Committee recommends $16,898,000, an increase of $3,000,000 from the Administration's request. This increase would be used to fund the marine recreational fisheries statistics program and the state/federal cooperative statistics program.

COMMITTEE VIEWS AND ESTIMATES

INFORMATION COLLECTION AND ANALYSIS/ INFORMATION ANALYSIS AND DISSEMINATION

(in thousands of dollars)

1991 BASE	1991 ADMIN. REQUEST	COMMITTEE REQUEST	COMMITTEE CHANGE FROM ADMIN.
$19,277	20,977	21,077	100

Program Description

Biological, environmental, economic, and statistical information concerning living marine resources is analyzed to identify changes in the abundance of various species, assess the status of stocks of significant commercial or recreational value, identify the inter-relationships and consequences of natural and human-induced changes in the marine environment, and determine the economic status, trends, and impacts associated with living marine resources under different harvest levels.

Recommendation:

The Committee recommends $21,077,000, an increase of $100,000 from the Administration's request. Specifically, the Committee recommends this increase be used for the analysis of estuaries and nearshore ecosytems research at Beaufort.

The Committee supports the Adminstration's request of $1,700,000 to upgrade the ADP computer system.

COMMITTEE VIEWS AND ESTIMATES

CONSERVATION AND MANAGEMENT OPERATIONS/FISHERIES MANAGEMENT PROGRAM

(in thousands of dollars)

1991 BASE	1991 ADMIN. REQUEST	COMMITTEE REQUEST	COMMITTEE CHANGE FROM ADMIN.
$29,111	19,340	22,107	2,767

Program Description

This line item provides the funds for actual preparation, implementation, and enforcement of conservation and management measures needed to achieve a continued optimum use of living marine resources.

Recommendation:

The Committee recommends $22,107,000, an increase of $2,767,000 from the Administration request. Specific recommendations are:

1. Restore $471,000 for the management of Georges Bank Fisheries and increase funding by $529,000 for a total appropriation of $1,000,000.
2. Increase Regional Fishery Management Councils by $1,767,000 for a total appropriation of $9,000,000. The Councils have operated at reduced levels for several years. This increase will allow them to fulfill their management responsibilities.

COMMITTEE VIEWS AND ESTIMATES

CONSERVATION AND MANAGEMENT OPERATIONS/PROTECTED SPECIES MANAGEMENT

(in thousands of dollars)

1991 BASE	1991 ADMIN. REQUEST	COMMITTEE REQUEST	COMMITTEE CHANGE FROM ADMIN.
$14,448	14,712	15,977	1,265

Program Description

This line item provides funds for NMFS programmatic responsibilities under the Marine Mammal Protection Act and Endangered Species Act, as well as responsibilities under the International Whaling Convention and the Convention on Conservation of North Pacific Fur Seals.

Recommendation

The Committee recommends $15,977,000, an increase of $1,265,000 from the Administration's request. Specifically it recommends:

1. Increase Driftnet Act Implementation funding by $1,000,000 for a total appropriation of $4,300,000;
2. Increase Endangered Species Act recovery plans by $265,000 for a total appropriation of $500,000.

COMMITTEE VIEWS AND ESTIMATES

CONSERVATION AND MANAGEMENT OPERATIONS/HABITAT CONSERVATION

(in thousands of dollars)

1991 BASE	1991 ADMIN. REQUEST	COMMITTEE REQUEST	COMMITTEE CHANGE FROM ADMIN.
$5,544	5,544	6,000	456

Program Description

This line item provides funding for NMFS efforts to provide information and recommendations regarding the environmental impacts of proposed habitat alteration projects by other Federal agencies. NMFS conducts these activities pursuant to the Fish and Wildlife Coordination Act, the National Environmental Policy Act, and the Clean Water Act.

Recommendation

The Committee recommends an increase in Habitat Conservation funding of $456,000, to implement the NMFS/Corps of Engineers Pilot Study to restore and create fisheries habitats, for a total appropriation of $6,000,000.

COMMITTEE VIEWS AND ESTIMATES

CONSERVATION AND MANAGEMENT OPERATIONS/ENFORCEMENT AND SURVEILLANCE

(in thousands of dollars)

1991 BASE	1991 ADMIN. REQUEST	COMMITTEE REQUEST	COMMITTEE CHANGE FROM ADMIN.
$9,380	9,380	10,000	620

Program Description

This line item provides NMFS funding for enforcement activities undertaken pursuant to the Fishery Conservation and Management Act, Marine Mammal Protection Act, Endangered Species Act and other federal statutes and international agreements relating to living marine resources.

Recommendation

The Committee recommends $10,000,000, an increase of $620,000 from the Administration's request. The Committee believes that increased funding for Enforcement and Surveillance is necessary to ensure adequate protection of the nation's living marine resources.

COMMITTEE VIEWS AND ESTIMATES

STATE AND INDUSTRY ASSISTANCE PROGRAMS/GRANTS TO STATES

(in thousands of dollars)

1991 BASE	1991 ADMIN. REQUEST	COMMITTEE REQUEST	COMMITTEE CHANGE FROM ADMIN.
$6,655	0	7,155	7,155

Program Description

The Commercial Fisheries Research and Development Act (P.L. 88-309), which was amended and redesignated as the "Interjurisdictional Fisheries Act of 1986" by P.L. 99-659, provides matching funds to states for conservation and management of interjurisdictional fisheries resources. Section 4 of the Anadromous Fish Conservation Act (P.L. 89-304) provides matching funds to states for research which facilitates the conservation, development, and enhancement of U.S. anadromous fishery resources. Section 7 of this Act supports continuing studies of the decline of the striped bass on the East Coast of the U.S.

Recommendation

The Committee recommends $7,155,000, an increase of $7,155,000 from the Administration request. Specific recommendations are:

1. Restore $3,500,000 for Interjurisdictional Grants;
2. Restore $2,354,000 for Anadromous Grants;
3. Restore $471,000 for Striped Bass research;
4. Restore $330,000 for Interstate marine fisheries commissions;
5. Add $500,000 for resource disaster assistance grants as described under section 308 (b) of the Interjurisdictional Fisheries Act of 1986.

COMMITTEE VIEWS AND ESTIMATES

STATE AND INDUSTRY ASSISTANCE PROGRAMS/FISHERIES DEVELOPMENT PROGRAM

(in thousands of dollars)

1991 BASE	1991 ADMIN. REQUEST	COMMITTEE REQUEST	COMMITTEE CHANGE FROM ADMIN.
$12,254	5,894	42,336	36,442

Program Description

Under this program, NMFS (1) provides information and services to assist the U.S. fishing industry to gain access to foreign and international markets for U.S. products, (2) provides services and conducts research on the safety, quality, and public health impediments to the full utilization of U.S. fishery resources, and (3) supplements the cost to the industry of the voluntary seafood inspection program.

Recommendation

The Committee recommends $42,336,000, an increase of $36,442,000 from the Administration's request. Specific recommendations are:

1. Restore $4,400,000 for product quality and safety research;

2. Restore $942,000 for fish oil research;

3. Restore $500,000 for shellfish water standards research and increase funding by $500,000 for a total appropriation of $1,000,000.

4. Restore $100,000 for the Model Seafood Inspection Program to provide sufficient funds for the study to be completed in December, 1990.

5. New Initiative: The Committee recommends that $30,000,000 be appropriated for the establishment of the first phase of the national seafood inspection program. The Committee believes this program should be funded with offsetting receipts from the Saltonstall-Kennedy Fund. In the past, the funds from this account, which are derived from import duties on foreign fish, have been used to offset the NOAA budget. The Committee believes a seafood inspection program is a more appropriate use of these funds.

COMMITTEE VIEWS AND ESTIMATES

FOREIGN FISHING OBSERVER FUND

(in thousands of dollars)

1991 BASE	1991 ADMIN. REQUEST	COMMITTEE REQUEST	COMMITTEE CHANGE FROM ADMIN.
$1,997	1,997	1,997	0

Program Description

Foreign fishing vessels operating in the U.S. Fishery Conservation Zone (FCZ) are assessed a special fee which is deposited in this Fund to pay for the cost of placing U.S. observers aboard those vessels. A supplementary observer program under which foreign fishing vessel owners can contract for U.S. observers can be implemented to the extent appropriations are not sufficient.

Recommendation

The Committee accepts the Administration's recommendations.

COMMITTEE VIEWS AND ESTIMATES

FISHERMEN'S CONTINGENCY FUND

(in thousands of dollars)

1991 BASE	1991 ADMIN. REQUEST	COMMITTEE REQUEST	COMMITTEE CHANGE FROM ADMIN.
$1,000	1,000	1,000	0

Program Description

The U.S. oil and gas industry operating on the Outer Continental Shelf is assessed a special fee which is deposited into this Fund and is used to compensate U.S. fishermen for damage to their vessels and gear caused by such OCS exploration and development activities.

Recommendation

The Committee accepts the Administration's recommendation.

COMMITTEE VIEWS AND ESTIMATES

FISHING VESSEL AND GEAR DAMAGE COMPENSATION FUND

(in thousands of dollars)

1991 BASE	1991 ADMIN. REQUEST	COMMITTEE REQUEST	COMMITTEE CHANGE FROM ADMIN.
$1,202	1,202	1,202	0

Program Description

Pursuant to Section 10 of the Fishermen's Protective Act, foreign fishing vessels operating in the U.S. Fishery Conservation Zone (FCZ) are assessed a special fee which is deposited in this Fund and used to compensate U.S. fishermen for damage to their vessels and gear caused by foreign and domestic fishing activities.

Recommendation

The Committee accepts the Administration's recommendation.

COMMITTEE VIEWS AND ESTIMATES

SALTONSTALL-KENNEDY FUND (S-K)
Fishery Products and Research Development Grants

(in thousands of dollars)

1991 BASE	1991 ADMIN. REQUEST	COMMITTEE REQUEST	COMMITTEE CHANGE FROM ADMIN.
$4,935	0	10,000	10,000

Program Description

Each year, thirty percent of the tariffs collected on imported fishery products are deposited in the S-K Fund. S-K funds are then used to support NMFS research and, through grants, industry research on U.S. product quality, gear technology, and market development in an effort to expand the U.S. fishing industry and to offset the U.S. trade deficit in fishery products.

Recommendation

The Committee recommends $10,000,000 be made available for industry grants in 1991. Of the remaining $51,900,000 in the Fund, $30,000,000 should be used to offset the projected costs of the initial phase of a national seafood inspection program which will be established by legislation this year. The remaining $21,900,000 will be available to offset the NOAA budget.

COMMITTEE VIEWS AND ESTIMATES

FISHERIES PROMOTIONAL FUND

(in thousands of dollars)

1991 BASE	1991 ADMIN. REQUEST	COMMITTEE REQUEST	COMMITTEE CHANGE FROM ADMIN.
$2000	0	0	0

Program Description

The Fisheries Promotion Fund (FPF) was established by P.L. 99-659, Title II - "Fish and Seafood Promotion Act of 1986". The FPF provides funding for the National Fish and Seafood Promotion Council also established by the Act. Funding for the FPF is form the transfer of S-K funds authorized by the act and is subject to appropriation. The National Council is charged with marketing seafood products and fostering their sale.

Recommendation

The Committee accepts the Administration's recommendation.

COMMITTEE VIEWS AND ESTIMATES

PROGRAM SUPPORT/ADMINISTRATION AND SERVICES

(in thousands of dollars)

1991 BASE	1991 ADMIN. REQUEST	COMMITTEE REQUEST	COMMITTEE CHANGE FROM ADMIN.
$67,275	67,475	67,675	200

Program Description

The goals of this subactivity are to administer programmatic and administrative policies of the President; establish NOAA operational policies; provide program support and direction; provide cost-effective administrative support services to NOAA and to DOC field components; conduct budget formulation, preparation, and execution; and provide retirement benefits to NOAA commissioned officers and their families.

Recommendation

The Committee recommends an increase of $200,000 for Executive Direction and Administration to provide necessary legal services and support to fulfill enforcement requirements.

COMMITTEE VIEWS AND ESTIMATES

PROGRAM SUPPORT/FACILITIES MAINTENANCE

(in thousands of dollars)

1991 BASE	1991 ADMIN. REQUEST	COMMITTEE REQUEST	COMMITTEE CHANGE FROM ADMIN.
$2,000	0	2,000	2,000

Program Description

This line item provides for repair and maintenance of major NOAA research and operational facilities.

Recommendation

The Committee recommends that $2,000,000 be appropriated for further repair of the Northeast Fisheries Center at Woods Hole. $500,000 of last year's appropriation were diverted for the move to Siver Spring, and this $2,000,000 will provide the funds necessary for the final repairs to be completed.

DEPARTMENT OF STATE
INTERNATIONAL FISHERIES PROGRAMS

(in thousands of dollars)

	1990 ADMIN. REQUEST	SUBCOMMITTEE REQUEST	SUBCOMMITTEE CHANGE FROM ADMIN.
1. INTERNATIONAL FISHERIES COMMISSIONS			
A. Pacific Halibut	$ 780	$ 780	$ 0
B. Inter-American Tropical Tuna	2,871	3,371	500
C. International Whaling	47	47	0
D. North Pacific Fisheries	130	130	0
E. Great Lakes Fishery	5,240	5,240	0
F. Conservation of Atlantic Tunas (ICCAT)	103	103	0
G. Northwest Atlantic Fisheries	---		
H. U.S./Canada Pacific Salmon Commission	1,330	1,330	0
I. Conservation of Antarctic Marine Living Resources	50	50	0
J. North Atlantic Salmon Conservation	15	15	0
K. Council for the Exploration of the Sea	90	90	0
L. Expenses of U.S. Commissioners	44	44	0
TOTAL	$10,700	$11,200	$500

Mr. DWYER. Thank you, Congressman Studds.

Congressman Young?

Mr. YOUNG. Thank you, Mr. Chairman. I agree with my chairman on his presentation.

As we have done in the past, we have listened to the views of the fishermen, states, scientists, conservation groups, the Administration, and anyone else who is concerned about the budget, and then compiled a proposal which we believe is fiscally sound and which we think will do the job of conserving and managing our Nation's fisheries, marine mammals, and endangered species.

Chairman Studds has provided you with a broad overview of our recommendation. The attachment to our testimony goes into great detail on the programs and funding levels we are requesting. I want to use this time to emphasize certain key points.

Mr. Chairman, the backbone for marine resource conservation and management is research. You will find that our proposal calls for a considerable increase in this area over the administration request. Resource managers cannot make wise decisions unless they have the facts. Unfortunately, basic research has been ignored for a long period of time. In fact, things have gotten so bad that, in my area of the world, fishermen and processors are paying for basic research out of their own pockets. No other food producing industry in the U.S. has been forced to do this. Farmers certainly don't; neither do the cattlemen. They rely on the expertise of the Department of Agriculture, supported by the taxpayer. Yet fishermen in Alaska are paying for data collection and observers on board their vessels, trying to collect the information necessary to make the wise decisions. Fisheries research is an obligation that the Federal Government should create. We created these great fisheries. We should be responsible.

You will also notice that we are requesting additional funds for the Regional Fishery Management Councils. The Councils are our Nation's fisheries managers. Each year, management decisions are becoming more complex and more costly. Yet there has been no increase in Council funding, as the chairman has said, since 1985. If we refuse to pay for research and refuse to pay for management, then we might as well turn our 200-mile zone limit back to the foreigners and let them catch our fish because we probably won't have any fish left.

Mr. Chairman, the National Marine Fisheries Service performs many tasks: managing fisheries; protecting marine mammals and endangered species; inspecting fish products; conducting habitat research; and enforcing our resource laws. Last year, NMFS took on the additional job of monitoring the effects of the Exxon Valdez oil spill, a job that will continue in the days ahead. This agency cannot operate properly without sufficient funds. I urge you to accept the recommendations we have put together and are making here today so that the future generations of this Nation and this world can enjoy the ocean's bounty as we have been able to do. And I thank you, Mr. Chairman.

Mr. DWYER. Thank you, Congressmen, for both of the excellent comprehensive statements, and thank you for being here this morning.

Mr. STUDDS. Thank you.

Mr. **Young**. Thank you.

Mr. **Carr**. I don't have any questions.

Mr. **Dwyer**. Thank you.

[The prepared statement of Mr. Young follows:]

STATEMENT BY THE HONORABLE DON YOUNG (R.-ALASKA) BEFORE THE SCTE. ON STATE, JUSTICE, COMMERCE APPROPRIATIONS RE: FY '91 NOAA BUDGET; MARCH 29, 1990.

Mr. Chairman, I appreciate the opportunity to join my colleague, Representative Studds, in presenting you with our Committee's recommendation on the FY '91 NMFS budget.

As we have in the past, we have listened to the views of fishermen, States, scientists, conservation groups, the administration, and anyone else who is concerned about the budget and then compiled a proposal which we believe is fiscally sound and which we think will do the job of conserving and managing our nation's fisheries, marine mammals and endangered species.

Chairman Studds has provided you with a broad overview of our recommendation. The attachment to our testimony goes into great detail on the programs and funding levels we are requesting. I want to use this time to emphasize certain key points.

Mr. Chairman, the backbone for marine resource conservation and management is research. You will find that our proposal calls for a considerable increase in this area over the administration request. Resource managers cannot make wise decisions unless they have the facts. Unfortunately, basic research has often been ignored. In fact, things have gotten so bad that - in my area of the world - fishermen and processors are paying for basic research out of their own pockets. **NO OTHER FOOD PRODUCING INDUSTRY IN THE U.S. HAS BEEN FORCED TO DO THIS!** Farmers certainly don't; neither do cattlemen. They rely on the expertise of the Department of Agriculture, supported by the taxpayer. Yet fishermen in Alaska are paying for data collection and observers. Fisheries research is an obligation that the federal government should meet.

You will also notice that we are requesting additional funds for the Regional Fishery Management Councils. The Councils are our nation's fisheries managers. Each year, management decisions are becoming more complex and more costly. Yet, there has been no increase in Council funding since 1985. If we refuse to pay for research, and refuse to pay for management, then we might as well turn our 200 mile zone back to the foreign fleets.

Mr. Chairman, the National Marine Fisheries Service performs many tasks: managing fisheries; protecting marine mammals and endangered species; inspecting fish products; conducting habitat research; and enforcing our resource laws. Last year, NMFS took on the additional job of monitoring the effects of the EXXON VALDEZ oil spill, a job that will continue in the days ahead. This agency cannot operate properly without sufficient funds. I urge you to accept the recommendations we are making here today so that future generations can enjoy the ocean's bounty as we have. Thank you.

THURSDAY, MARCH 29, 1990.

CIVIL FRAUD ENFORCEMENT

WITNESS

HON. HOWARD L. BERMAN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Mr. **DWYER**. Congressman Berman from California, good morning.

Mr. **BERMAN**. Good morning, Mr. Chairman.

I think one of the oldest arguments around here is I have an idea that costs a little money now but it will save you a lot of money in the long run. But just because it is always used as an argument doesn't mean it is always wrong.

Mr. **DWYER**. We are all in the same groove this morning.

Mr. **BERMAN**. This is one I think that the savings will end up coming very much in the same year that the money is spent.

Basically, my request is for the subcommittee to provide funding and earmarks in the Office of the U.S. Attorneys in the Department of Justice for the purpose of civil fraud enforcement under the False Claims Act. The False Claims Act amendments are a bill that Senator Grassley, Congressman Glickman and I put through—signed by President Reagan in 1986—which toughened the False Claims Act as a weapon against fraud and abuse in Government contracting.

The False Claims Act was originally enacted back in the Civil War days at President Lincoln's urging as a means of curbing fraud in the procurement contracts that were plaguing the union army at that time. The gist of the False Claims Act is to authorize whistleblowers with information regarding fraud perpetrated by Government contractors to file suit on their own on behalf of the people of the United States. The 1986 amendments enhance the incentives for the whistleblowers to do so by increasing their guaranteed percentage of any eventual recovery from a treble damage judgment or settlement, and providing tough protections against retaliation by the defendants. Most of these people are employees of the defendant contractor. The suit is filed under seal, and the Government has 60 days to investigate whether or not to join the private party plaintiff who is suing on behalf of the United States Government. If they decide to join, of course, then they bring the whole weight of the Federal Government into the case against the defendant contractor. They investigate the evidence and decide whether they join the qui tam plaintiffs and, by and large, make that decision to join where the evidence of fraud is particularly clear and the recoveries are substantial. Where the Government does join the case, the statute provides that the Government has the primary responsibility for prosecuting the action.

This only applies, by the way, where it is the individual, usually the employee, "qui tam plaintiff," as we call them, who is the one who brings to the attention of Government the fraud. In other words, if there was already some investigation or some publicity about these fraudulent acts, there is no basis for this qui tam action, and no lawsuit will prevail.

Since the enactment of the 1986 amendments, there have been about 200 of these qui tam cases filed. Most of them are still in litigation, including a number that are right now under seal still because the period of time has not expired yet for the Government to decide whether or not to join the case. But even in the relatively short time, the way litigation goes, the law has already resulted in recoveries totaling around $27 million, less about $3 million which has gone to the whistleblowing plaintiffs.

That is $24 million already gone straight to the Treasury. And pending cases alone of these 200 actions involve literally billions of dollars more. One case, *Carton* v. *Litton Industries*, the Government's initial damage estimate—they have decided to join that qui tam plaintiff in the case—is $100 million in damages, and the statute provides for treble damages. So we are talking about trebling any final damage award. Three other cases that exist the Government has decided to join are conservatively valued at a minimum of $100 million, and another offers a potential $50 million recovery.

Currently, the responsibility for prosecuting qui tam cases is divided between the U.S. Attorneys Offices and the Washington-based Justice Department lawyers. While it is obvious that the main Justice Department is and must be involved in formulating major policy positions, it is clear that to most effectively litigate these cases in the, a strong presence is required where the witnesses, documents, investigators, and courts are located—and that means increasing the funding for the Office of U.S. Attorneys. Right now with the number of these cases, they are swamped, and it is simply the limitations on the U.S. Attorney's ability or assistant U.S. Attorney's ability to pursue these cases that is keeping them from being quickly pursued or settled.

My suggestion to the subcommittee would be to add $1.5 million to fund 15 new assistant U.S. attorney positions for civil fraud enforcement under the False Claims Act. I would further recommend that such additional funding be dedicated to defense procurement cases. These are large, complex cases that frankly provide the greatest potential for return to the Treasury. Most of the 200 cases that have been filed are in the area of defense procurement. Because these are fact-intensive cases, they require a considerable expense of attorney time where the evidence is located. For the vast majority of these cases, the witnesses, documents, and investigators from whom the facts can be developed are not in Washington. They are found in areas like Los Angeles and other cities around the country where defense contractors are located.

I do understand the committee has a strong policy of not earmarking to a particular region, and my request does not do that. It is just simply to provide the funding for the 15 U.S. attorneys earmarked for the qui tam cases, with a focus on defense procurement.

That is basically the suggestion. I think we have already seen evidence of this, and right now the single thing most bogging down the pursuit of these cases is the lack of resources.

[The statement of Mr. Berman follows:]

TESTIMONY OF THE HON. HOWARD L. BERMAN

BEFORE THE SUBCOMMITTEE ON COMMERCE, JUSTICE, STATE, AND JUDICIARY

MARCH 29. 1990

Mr. Chairman: Thank you for the opportunity to appear before the Subcommittee today to address a subject of great concern to me: the need to provide adequate funding to the Office of United States Attorneys in the Department of Justice for the purpose of civil fraud enforcement under the False Claims Act.

Quite frankly, I am the proud co-author, with our colleague Senator Charles Grassley, of the 1986 amendments which significantly toughened the False Claims Act as a weapon against fraud and abuse in government contracting.

The False Claims Act was enacted during the Civil War at President Lincoln's urging, as a means of curbing the fraud in procurement contracts that was plaguing the Union Army. The gist of the False Claims Act is to authorize whistleblowers with information regarding fraud perpetrated by government contractors to file suit on behalf of the U.S. The 1986 amendments enhance the incentives for whistleblowers to do so by increasing their guaranteed percentage of any eventual recovery from a treblel damage judgment or settlement in the case, and providing tough protections against retaliation by the defendant, who is likely to be the employer of the whistleblowing qui tam plaintiff.

The Government may elect to intervene in the case, thereby bringing all of the weight and resources of the federal government into the case against the defendant contractor. The 1986 amendments anticipate that the Government will expeditiously investigate the evidence contained in qui tam complaints and will join the qui tam plaintiffs in prosecuting those False Claims cases where the evidence of fraud is particularly clear and the recoveries are substantial. Where the government does join a case the statute provides that "the Government shall have the primary responsibility for prosecuting the action."

Since the enactment of the 1986 amendments, over two hundred qui tam cases have been filed. While most are still in litigation, including a number that are still under seal while the Government decides within the 60 day framework afforded under the law whether to intervene, the law has already resulted in recoveries totaling around $27 million, minus $3 million going to the whistleblowing plaintiff.

That's $24 million going straight to the Treasury. And pending cases alone involve hundreds of millions of dollars more. One case, in just one case, Carton v. Litton Industries, the Government's initial damage estimate is $100 million, and the statute provides for treble damages. Three other cases are conservatively valued at a minimum of $100 million, and another offers a potential $50 million recovery.

Currently, responsibility for prosecuting qui tam cases is divided between the local U.S. Attorneys Offices and Washington-based Justice Department lawyers. While it is obvious that the main Justice Department is and must be involved in formulating major policy positions, it is clear that to most effectively litigate these cases, a strong presence is required where the witnesses, documents, investigators, and courts are located--and that means increasing funding for the Office of U.S. Attorneys.

I would propose adding $1.5 million to fund 15 new assistant U.S. Attorney positions for civil fraud enforcement under the False Claims Act. I would further recommend that such additional funding be dedicated to defense procurement cases. These are large, complex cases that frankly provide the greatest potential for return to the Treasury. Because these are fact-intensive cases, they require a considerable expense of attorney time where the evidence is located. For the vast majority of these cases, the witnesses, documents and investigators from whom the facts can be developed are not in Washington. Instead, they are found in Los Angeles and other cities around the country where defense contractors are located.

Mr. Chairman, the False Claims Act has already proven its worth. Providing additional resources to enable the Government to better investigate and prosecute qui tam cases is one of the most effective actions this Subcommittee could take to crack down on fraud and abuse in government contracting, and what is more, to recover hundreds of millions of dollars--indeed, I believe billions of dollars-- for the U.S. taxpayer. That's money that goes directly to the U.S. Treasury, and I figured that would be music to your ears.

Thank you again for this opportunity to appear before you.

Mr. **Dwyer**. Thank you. It is an important statement. Thank you very much.

Mr. **Carr**. Could I ask a question?

Mr. **Dwyer**. Yes, by all means. Go ahead.

Mr. **Carr**. On that last point—in your conversations with people at the Justice Department, have they said they don't have the funds for this?

Mr. **Berman**. I sent a long letter to the Justice Department, and Barney Frank—because his subcommittee on the Judiciary heard the original bill—has jurisdiction. They are having an oversight hearing next week, in fact, on this. We haven't gotten the full statement back.

Definitely, the Justice Department people involved have said they don't have enough manpower to handle these cases, both from the Justice Department and in the U.S. Attorneys Office. And the result is these things just get more and more backlogged because they are fact-intensive kinds of cases. I cannot claim that this is the Attorney General's request at this particular point. It has not moved its way up through there.

And, of course, you have a natural strain in all this. The Justice Department would like to prioritize its cases. It doesn't like being forced to deal with a specific situation brought on by a qui tam plaintiff filing an action. But the problem we have had until this legislation was proposed was that they weren't moving on these kinds of cases. Witnesses weren't coming to the Justice Department. They didn't feel they were protected, and now they do.

Mr. **Carr**. But under the law, if the Justice Department decided not to go ahead, the plaintiff could still go ahead.

Mr. **Berman**. That is right. You can still go ahead. You can still pursue the case. It is going to take a lot longer. The investigative powers are going to be limited by the plaintiff's own resources. And his recovery, of course, will be much greater the way the law works. If the U.S. Government decides to join the case and becomes the attorney, the plaintiff's percentage of award goes down significantly. If he pursues the case to a successful judgment or settlement, he gets a much higher percentage of the award.

Mr. **Carr**. Is there any evidence that some cases have not gone ahead because they were unable to deal with the burden of trying to get the Federal Government in the case, or because the Government came into the case and they dropped out?

Mr. **Berman**. It makes empirical sense and anecdotal sense to confirm that view. There are some people who decided the costs of financing the entire prosecution of that case are so great that they may very well have backed off. But I did want to check it out further.

Mr. **Carr**. What if that could be done on a contingency basis?

Mr. **Berman**. It is always done on a contingency basis.

Mr. **Carr**. Are there firms that specialize in that?

Mr. **Berman**. Needless to say, just like the sun rises in the East, we have a whole new law practice that has sprung up in relationship to these kinds of cases. There are fascinating stories here. Some of the major fraud cases we are reading about now in the newspapers are cases triggered by these qui tam plaintiffs, because these are the people who were told to phony up the time sheets or whatever.

Mr. CARR. Presumably, some of these law firms that specialize——

Mr. BERMAN. Put up the resources. There is no question about it. But I have also got to tell you—practically speaking, no law firm involved in this has the resources that the Government does when it wants to pursue it. And the decision of the U.S. attorney in the U.S. Government to join the case frequently is the act that produces the settlement, the recovery for the Treasury. It never even gets down to trial. So there is clearly a strategically important aspect to at least having the Government have the resources to make the decision about whether or not to join the case.

Mr. DWYER. Mr. Chairman, did you have any questions?

Mr. SMITH. No, but thank you for your testimony.

Mr. DWYER. Thank you very much.

Mr. BERMAN. Thank you.

THURSDAY, MARCH 29, 1990.

NOAA, FISHERIES PROGRAM AND COMMISSION ON AGRICULTURAL WORKERS

WITNESS

HON. LES AUCOIN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF OREGON

Mr. DWYER. Congressman AuCoin of Oregon.

Mr. AUCOIN. Mr. Chairman, thank you. I appreciate the chance to appear before the committee today. I want to thank the Chair and the members of the subcommittee for the many ways that you helped my constituents out in the Pacific Northwest in fisheries, high technology exports, many other areas.

Mr. SMITH. You are into everything out there.

Mr. AUCOIN. We are very, very grateful for the help that you have given us.

Because you have done such a good job as the Chairman, my list this year is short, and my statement will be short as well. I would like to submit a complete statement for the record, if I may.

Mr. Chairman, what I would just like to state today verbally for the record is a word about funding of fisheries. Because it cuts fisheries by 20 percent instead of 40 percent, the President's budget is an improvement over what we have become used to receiving under the years of the Reagan administration. But when it comes to the needs of the industry, I am not satisfied with small favors, and I can tell you the people in the Pacific Northwest feel the same way.

It is only a small favor, this budget submission. More than 70,000 people are employed on the West Coast in the harvesting and processing of $4 billion worth of seafood each year. We export $1 billion in seafood products. This is an industry which needs more than a nod from the President, although a nod is better than being stiffed, as we were during the decade of the 1980's.

The seafood industry is facing extraordinary challenges, Mr. Chairman: pollution, oil spills, foreign driftnet fleets, illegal salmon harvests, marine mammal declines, habitat losses, and increasing demands on fishery management officials to provide greater harvests for our fleet.

At the same time, there are tremendous opportunities: a growing consumer interest in the nutritional value of seafood, new harvesting and processing technologies, new overseas markets for seafood products. The Pacific States and the industry are poised to meet these challenges and to take advantage of the opportunities. You will find their requests reflected in the details of my written statement.

At my request, Mr. Chairman, your committee provided a grant recently to create the Seafood Consumer Education Center in Astoria, Oregon. The Seafood Center will fill the gap which currently exists between an abundant food resource and the need for public information about how to make the best use of it. The demand for consumers and food preparers for this kind of information is high. I am pleased to report to your committee that as the Center gets off the ground, it is meeting an outpouring of support throughout the industry. I look forward to returning to you with an additional request for this center in the future.

That is the first point I want to make, Mr. Chairman. The second one is this: I want to mention the Commission on Agricultural Workers. Your assistance in providing initial funding for that Commission is deeply appreciated. As you know, I have worked with them to ensure that as they carry out their mandate to assess the impacts of immigration reform on the supply of farm labor, that they pay attention to the unique needs of the Pacific Northwest.

The Commission will not be able to do its job, Mr. Chairman, unless it has more resources for research than the administration has provided to it. So I urge you and your committee to support an increase in funding for the Commission for that purpose. Unless the Commission has enough funding to hold hearings and carry out a sound, thorough research program, it will be unable to produce a report which carries weight with Members of the Congress. I understand that the amount required is currently under discussion. Those of us who support this request are prepared to work together to agree on a proposal.

Mr. Chairman, I told you my list was short this year. It is. So is my statement. I hope you will see it that way. I thank you for the chance to be before you.

[The prepared statement of Mr. AuCoin follows:]

TESTIMONY OF THE HONORABLE LES AUCOIN

BEFORE THE HOUSE APPROPRIATIONS SUBCOMMITTEE ON COMMERCE, JUSTICE, STATE AND JUDICIARY

MARCH 29, 1990

Thank you, Mr. Chairman, for this opportunity to appear before your subcommittee. You have been helpful to me and my constituents in many ways -- supporting fisheries research, combatting illegal driftnetting in the Pacific, speeding export licensing for high technology firms, fighting gangs and illegal drug labs -- and I want you to know how much I appreciate your efforts in many areas.

SEAFOOD CONSUMER CENTER AND FISHERIES FUNDING

First, Mr. Chairman, I want to say a word about fisheries. The President's budget is an improvement over what we used to get from the Reagan Administration. Instead of a 40% cut in fisheries funding we have a 20% cut. But when it comes to this vital industry small favors are not enough. West coast fisheries employ more than 70,000 people, harvest $4 billion worth of fish annually, and export over $1 billion in seafood products. This is an industry which deserves more than a nod from the Administration.

The seafood industry in this country, and the West Coast is no exception, is facing extraordinary challenges -- pollution from oil spills and other sources, massive destruction of ocean resources by foreign driftnet fleets, illegal salmon harvests, marine mammal declines, habitat losses, and increased demands on fishery management officials to provide greater harvests for a larger and more efficient fishing fleet.

At the same time there are tremendous opportunities -- a growing consumer interest in the nutritional value of seafood, new harvesting and processing technologies for both underutilized and traditional species, and new overseas markets for seafood products. The industry and maritime states are poised to meet these challenges and take advantage of the opportunities. But as I know you understand, Mr. Chairman, the federal government has a critical role to play in managing our ocean resources, and that takes adequate funding for the highest priority programs.

Mr. Chairman, I've had a number of occasions to thank you for your support of fisheries programs in the past few years. You and the other members of the committee have played a critical role in maintaining federal investments in our ocean resources, and I want you to know how much I and other members from coastal states appreciate your efforts. Once again the Administration has dropped the reins of leadership in fisheries programs and left it to the Congress to pick them up and provide the necessary funding. I look forward to working with you on this issue in the coming months.

At my request, Mr. Chairman, you provided a grant last year which created a Seafood Consumer Education Center in Astoria, Oregon, to fill a gap between an abundant resource and a lack of consumer understanding about how to use it. I am pleased to report that the center has met with an outpouring of interest and support throughout the industry and is getting off to a good start. I look forward to returning to you with an additional request for this center in the future.

Mr. Chairman, I am also pleased that a consensus has been forged among leaders in the industry, scientists, and fisheries managers in Pacific Coast states on the highest priority fishery programs for the region. My request is for your support of the following additions to the budget request as you work on your Fiscal Year 1991 appropriations.

Columbia River Hatcheries, $14 million. As you know, we have essentially level funded the Mitchell Act hatcheries for the last ten years. While this has kept them open, there has been a gradual decline in the hatcheries as maintainance has been deferred. Resulting problems have included failures of pumps, aerators, and other basic equipment; when that happens, fish die. This request will provide $11 million to operate the hatcheries and $3 million to begin rehabilitation. These hatcheries make critical contributions to fisheries under control of the Pacific Salmon Commission. If they are forced to shut down not only will we lose a resource for American fishermen but also the balance of interceptions between the United States and Canada would be altered, jeapardizing our international agreement.

Pacific Salmon Treaty, $1.632 million. We are at a critical time in the salmon treaty process, facing a debate over the balance of interceptions between the two countries. Much of the federal funding is used to learn which stocks are caught in which fisheries. We have come a long way since the treaty was signed, but there are still major gaps in our data, particularly in regard to coho. Our history in the treaty has been that when we have been able to agree on the data, we have worked out our problems. That is why this increase for the Commission is so critical.

PacFIN, $1 million. I am pleased the Administration has requested funding for PacFIN for the first time, recognizing that this data network provides information crucial for effective management by the regional councils. The states of Alaska, Washington, Oregon, and California already spend $25 million for this information which is accessible to all the management agencies. The federal contribution of $3 million is needed to ensure the continuing viability of this system.

Anadromous Fish Conservation Act, $3.5 million. This program provides matching grants to the states for anadromous species migrating through federal, state, and international waters. Oregon uses funds from this program for spawning escapement surveys of coastal stocks, coded wire tag programs, and stock assessment work. These grants also help fund the data collection necessary to implement the Pacific Fishery Management Council's interjurisdictional management plans.

Interjurisdictional Fisheries Act, $5.3 million. This program provides matching grants to states to support management of interjurisdictional fisheries. We use these grants to assist fisheries in which there is substantial federal interest, such as data collection on groundfish and shrimp. This program is an example of the extremely close cooperation between state and federal managers, with investments from both parties, in management of species in which both have a stake.

High Seas Driftnet Program, $4.2 million. My goal is the complete elimination of high seas driftnetting, a technology which is immensely destructive to fish and wildlife. The international agreements we have reached with Asian driftnetting nations are a necessary first step. Under those agreements we have taken on obligations to provide observer coverage, transmitter coverage, and research on impacts on key populations of mammals, birds, and fish. We can hasten the day when these nets are banned only if we are willing to do what it takes to demonstrate to the international community that we are serious about ending this problem. The requested increase will enable us to do that.

Bering Sea Pollock Research, $1.350 million. Pollock comprises 63% of the groundfish harvest off Alaska and amounts to 2.7 billion pounds a year. It is also harvested in international waters by Japan, the Soviet Union, and other nations. This increase is needed for data collection on the stocks and their population dynamics, to assess the impact of current harvest levels, and to develop international agreements to control harvests in international waters.

Regional Fishery Management Councils, $1.467 million. The workload of the councils since they were established has increased five-fold, and yet they have remained funded at about $7 million for the last 10 years. The West Coast councils simply cannot meet their obligations under the Magnuson Act with the funding proposed by the Administration. When the councils cannot effectively manage the fisheries, fishermen and their communities suffer needlessly from shortened and restricted seasons.

Bering Sea Crab Assessment, $500,000. This funding is needed to improve King and Tanner crab management in the Bering Sea. Little research has been done so far into the life cycle, resource assessment, and inseason managment strategies for these species.

Marine Mammal Population Assessment, $3.9 million. Populations of the Northern Sea Lion in the North Pacific are showing drastic declines for unknown reasons. Because of administrative and legal requirements of the Marine Mammal Protection Act and the Endangered Species Act those declines could cause drastic curtailment of fisheries worth billions of dollars. Available data are not sufficient to assess the role fisheries may have played in this decline, nor do they allow the development of reasonable management measures to mitigate these declines. Multi-disciplinary research is needed to identify the causes of the decline and to identify what can be done to reverse it.

Domestic Fishery Observer Program, $2 million. Observers on many fishing vessels are required as part of the North Pacific Council's management programs. They are an essential source of data and information about the catch, bycatches, and marine mammal interactions.

West Coast Groundfish Research, $603,000. Sablefish, rockfish, and Pacific whiting constitute the largest fishery off California, Oregon, and Washington. Critical funding is needed for research and surveys on rockfish and whiting and status assessments of sablefish and Dover sole.

ADP Systems Upgrade, $800,000. This is the computer system at the Northwest and Alaska Fisheries Center, which is obsolete and unable to handle increasing volumes of fisheries data. This addition to the Administration request will allow for timely replacement of this system.

Sea Grant, $14 million. This increase will restore the Sea Grant program to last year's funding level of $41 million. Sea Grant is a unique program with the flexibility to create and assist a wide variety of economic development activities in coastal states. In Oregon, Sea Grant agents spearheaded a pioneer project at the Port of Newport to reduce ocean dumping of debris by the commercial fishing fleet, a project which is now being duplicated in ports along the entire West Coast. They have a demonstration project which composts wood products debris with crab and shrimp processing wastes to create mulch and potting soil. They are assisting projects in waterfront revitalization, seafood sanitation, marine education for coastal visitors, and stream habitat enhancement for salmon, among many others. I am convinced this program pays off for Oregon and other states and urge your support for this restoration.

COMMISSION ON AGRICULTURAL WORKERS

Mr. Chairman, your assistance in providing initial funding for the Commission on Agricultural Workers is greatly appreciated. As you know, I have been working with the Commission to ensure that as they carry out their mandate to assess the impacts of immigration reform on farm labor they pay sufficient attention to the unique needs of the Pacific Northwest. Because Oregon and Washington are at the end of the traditional road taken by migrant farm workers following seasonal crops, any attrition from the farm labor pool is likely to be felt most in those states. I think it is fair to say that there is more anxiety among growers of labor intensive crops in the Pacific Northwest about what the future holds than in any other region of the country. That is why I have pressed the Commission and received a pledge last week in a hearing before your subcommittee that as part of its research plan the Commission would hold at least one public hearing in Oregon and focus as least one case study on the Pacific Northwest.

The Commission will not be able to do its job, Mr. Chairman, unless it has more resources for research than the Administration has provided. So I urge you to support an increase for the Commission. I understand that the required amount is currently under discussion, and those of us who support this request will come to you at a later date with more details. The one imperative is that unless the Commission has enough funding to hold hearings and carry out sound, thorough research, it will be unable to produce a report which is credible to the Congress. If that happens, the Commission will not have fulfilled the purpose we created it for.

I am aware of suggestions that the Commission should be enlarged. I have been concerned since the Commission was established that there are no members from the Pacific Northwest but have worked to make sure that those of us in the Northwest receive the attention we merit. Some would like to add more farm worker representatives to the Commission. I would support such a proposal because it would restore a balance which is not currently there. I would urge, however, that this be done in a way that avoids any appreciable delays in the research program.

NORTH PACIFIC STUDIES CENTER

Two years ago this subcommittee, through the U.S. Information Agency, provided funds to launch the North Pacific Studies Center at the Oregon Historical Society. The project has been a great success, and with relations between the United States and the Soviet Union continuing to improve, the chance to learn more and communicate more is now even greater. So I am asking the subcommittee to provide $1 million through USIA to continue the Oregon Historical Society's efforts. And I am prepared to forward to you additional information about this project.

Mr. Smith. [presiding]. We appreciate your testimony. We will continue to work with you on each of these areas.

Mr. Carr. I have no questions, Mr. Chairman.

Mr. Smith. Thank you.

Mr. AuCoin. Thank you.

Thursday, March 29, 1990.

NOAA PROGRAMS

WITNESS

HON. CLAUDINE SCHNEIDER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF RHODE ISLAND

Mr. Smith. Ms. Schneider.

Ms. Schneider. Thank you.

Mr. Chairman, you may not be aware of it, but for the last ten years I have served on the Science and Technology Committee and also on the Merchant Marine and Fisheries Committee. And in that capacity, I have a slight frustration which I choose to air with you today because it reflects a need for us to do some rapid information transfer and technology transfer. As has often been indicated, the 1990's are the decade of technology and information transfer, and you have the opportunity to support some initiatives that are happening, in particular in the Merchant Marine and Fisheries Committee. So today I would like to bring to your attention several very important programs and projects in the National Oceanic and Atmospheric Administration budget.

First, I am requesting funds to reactivate NOAA's research vessel, which is referred to as the Albatross IV. It is NOAA's primary research vessel for the Northeast, and I am seeking a total of $1.8 million to reactivate the Albatross IV.

Now, I would ask that my testimony in its entirety be available for the record.

Mr. Smith. We will include your prepared statement in the record.

Ms. Schneider. I will just highlight for you the fact that we are asking for only $1.8 million to reactivate this vessel. But if we were to replace it—and it is necessary in order to acquire the scientific data—it would cost us $18 million. So clearly on a cost/benefit analysis, the reactivation is certainly the way to go.

There are four major research areas which have been negatively impacted as a result of us not having the adequate technology available in a timely way. First, we have been depleting our commercial fishery stocks, but we are not in a position to adequately monitor and know how serious the problem is.

Second, the Albatross is valuable in the area of marine mammal research.

Thirdly, global climate change is also an area where the temperature of the oceans plays a major impact on what the atmospheric effects might be.

And, fourthly, the effects of pollution and habitat loss on some of the offshore ecosystems is very much affected, and the Albatross

IV would be able to conduct that research that is so very necessary to be going on in an ongoing way.

I might mention that next Wednesday, April 4th, our Subcommittee on Oceanography and the Great Lakes in the Merchant Marine and Fisheries Committee will take up H.R. 4115. This is the NOAA authorization bill, and we will include in there that $1.8 million for the marine services section of the program. So I hope that that, too, will be reflected in the appropriations bill.

On the second matter, I am requesting $150,000 to increase the funding for NOAA's Estuarine Living Marine Resources project. This, too, would help to develop a comprehensive information base on the fish and invertebrates in 116 estuaries throughout the United States. So, clearly, this is not a parochial request. We are looking for the scientific technology that will be available to provide us with the data for the entire country. Because of the variability and sampling strategies, much of the existing estuarine fisheries data cannot be compared now among estuaries. So as a result, we are wasting a lot of our money unless we have it all congruous.

The addition of $150,000 to the oceans assessment section of NOAA's budget specifically for the Oxford, Maryland, NOAA Fishery Lab for this ELMR project will benefit the entire nation, in particular maybe the Northeast where the estuaries and the fisheries are so very abundant. Then, too, we will be marking up in our Committee this same legislation for the $150,000 for the NOAA budget.

Third, I am requesting an increase of $200,000 for NOAA's Coastal Ocean Management Planning and Assessment Program, often referred to as COMPAS, and this would establish a microcomputer-based information system which NOAA has been developing since 1983. The objectives are to bring some of the existing but disparate coastal resource information into one single, user-friendly environment; and then, second, simplify the transfer of information between the States and between States and the Federal Government; then, third, to make it easier to apply large data sets in a new and innovative way towards managing the Nation's coastal areas. This legislation also will be marked up next Wednesday in our authorizing committee, with $200,000 for the ocean services section of the NOAA budget.

Then, finally, I would like to urge a level of funding that would continue full-time operation of the National Weather Service stations and to continue that funding throughout fiscal year 1991. As you may recall, last year the Administration proposed closing numerous weather offices around the country, and they also included the closure of the weather station at Green Airport in Rhode Island, which, by the way, is the only station in the entire State of Rhode Island. So, needless to say, the effect of——

Mr. SMITH. You get your weather from Boston, anyway, don't you?

Ms. SCHNEIDER. Oh, not at all. We get it from Pennsylvania more often than Boston. Boston gets what we get. [Laughter.]

So, needless to say, it would have a major impact on all those Massachusetts legislators who fly into the Rhode Island airport. The effect of these closures on air safety is clearly significant, so I would hope that you would please look kindly upon the continuation of funding for all the weather stations, not just the Rhode Island one, but make sure that the questions of safety have been addressed at those airports.

[The prepared statement of Ms. Schneider and additional materials follow:]

STATEMENT OF THE HONORABLE CLAUDINE SCHNEIDER BEFORE THE SUBCOMMITTEE ON COMMERCE, JUSTICE, STATE, THE JUDICIARY, AND RELATED AGENCIES OF THE COMMITTEE ON APPROPRIATIONS -- MARCH 29, 1990.

Thank you Mr. Chairman. I am pleased to appear before this Subcommittee today to speak in support of several very important programs and projects in the National Oceanic and Atmospheric Administration (NOAA) budget.

First, I am requesting funds to reactivate NOAA's research vessel -- the ALBATROSS IV. The ALBATROSS IV is NOAA's primary research vessel for the Northeast. The vessel had been stationed in Woods Hole, Massachusetts, but has been decommissioned, and no other vessel has been available to replace it, nor even to substitute for a part of its many valuable functions.

I am seeking a total of $1.8 million to reactivate the ALBATROSS IV. It will take $600,000 in renovations to reactivate the vessel, and $1.2 million for operating costs in order to enable the vessel to spend one season (180 days) at sea. The $600,000 is a very modest amount needed to recommission the vessel, especially when we consider that a new replacement vessel would cost $18 million.

The ALBATROSS IV has been a workhorse for two very important NOAA fishery research labs -- one located in Woods Hole, Massachusetts, and the other in Narragansett, Rhode Island. The lack of data provided to these two facilities because of the vessel's status, has had a tremendously negative impact on important research areas. There are four major research areas which have been negatively impacted:

1) assessment of depleted commercial fishery stocks;

2) marine mammal research;

3) monitoring environmental effects of global climate change;

4) monitoring the effects of pollution and habitat loss on offshore ecosystems;

The loss of research programs in these four critical areas are devastating to New England's economy. The economies of all of New England's coastal states rely heavily on the quality of our ocean waters and its resources. In Rhode Island alone, the commercial fishing industry contributes $3/4 billion to the state's economy. The returns on this modest investment will be tremendous.

Next Wednesday, April 4, the Subcommittee on Oceanography and the Great Lakes of the Committee on Merchant Marine and

Fisheries will be marking-up H.R. 4115, the FY 1991 NOAA Authorization Bill. It is my understanding that the version of H.R. 4115 which will be marked-up will contain an authorization of $1.8 million to reactivate the ALBATROSS IV and to provide funds for it to operate for one year.

Mr. Chairman, I strongly urge this Subcommittee to add $1.8 million to the Marine Services section of Program Support in the NOAA budget.

On a related matter I am requesting a $150,000 increase in funding for NOAA's Estuarine Living Marine Resources (ELMR) Project. In June 1985, NOAA began a project to develop a comprehensive information base on the fishes and invertebrates in the 116 estuaries throughout the contiguous United States. The project is conducted jointly by the Strategic Assessment Branch of the Office of Oceanography and Marine Assessment along with regional NOAA Fishery Laboratories. The Project is operated on a regional basis with the West Coast by the NOAA lab in Hammond, Oregon; the Gulf of Mexico by the NOAA lab in Galveston, Texas; the Southeast by the NOAA lab in Beaufort, North Carolina; and the Northeast by the NOAA lab in Oxford, Maryland.

Because of the variability in sampling strategies, much of the existing estuarine fisheries data cannot be compared among estuaries. In addition, existing programs do not focus on how groups of estuaries may be important for regional management of fishery resources. To date, the project has compiled data for 115 species in 73 estuaries. Reports have been published, or scheduled for publication in 1990, from every region except the Northeast. The Northeast region, which contains more estuaries -- 33 -- than any of the other regions, has been lagging far behind in this project.

The addition of $150,000 to the Oceans Assessment section of NOAA's budget to be used specifically by the Oxford, Maryland, NOAA Fishery Lab for the ELMR Project will benefit the entire Northeast. The areas that will benefit the most are those estuaries which are in the National Estuary Program, or are being considered for inclusion in the Program. These estuaries include:

* Buzzards Bay, MA;
* Narragansett Bay, RI & MA;
* Long Island Sound, NY & CT;
* Delaware Bay, NJ & DE;
* Massachusetts Bay, MA (Cape Cod Bay and Boston Harbor);
* Peconic Bay, NY; and
* New York-New Jersey Harbor.

Again, next Wednesday, April 4, at the mark-up of H.R. 4115, it is my understanding that the reported version of the bill will contain an additional authorization of $150,000 for the Ocean Assessments section of the NOAA budget to be used specifically for the ELMR project in the northeast.

Mr. Chairman, I urge this Subcommittee to add $150,000 to the NOAA budget for the same purpose.

On another related matter I am requesting an increase of $200,000 for NOAA's Coastal Ocean Management, Planning, and Assessment System (COMPAS) in order to establish the project in Narragansett Bay, Rhode Island. COMPAS is a unique and powerful microcomputer-based information system which NOAA has been developing since 1983. It is designed to manage a variety of related coastal resource information, as well as to present the information in many different forms, including maps, graphics, data, and even hydrologic models. The objectives of COMPAS are threefold:

1) bring existing but disparate coastal resource information into a single, user-friendly environment;

2) simplify the transfer of information between states and between states and the Federal government;

3) make it easier to apply large data sets in a new and innovative way towards managing the Nation's coastal areas.

NOAA has been working to develop the operational capability of COMPAS for use on assessing the health of the more than 100 estuaries in the National Estuarine Inventory. These assessments are based upon data that address a diverse array of topics, such as coastal pollution, land use, habitats, and living marine resources.

A COMPAS prototype has been developed and used successfully in Texas estuaries. It is intended primarily for state coastal resource managers, and it has provided Texas with critical information on physical and hydrologic estuarine characteristics, land use, habitats, shellfish growing waters, distribution and abundance of fishes and invertebrates, point and nonpoint sources of pollution, and regulatory data, such as water quality and wetland permits.

Narragansett Bay is perfectly situated to utilize COMPAS. The Narragansett Bay Project will soon submit its Comprehensive Conservation and Management Plan (CCMP), and the Rhode Island Department of Environmental Management (DEM) will be implementing the recommendations. Narragansett Bay has a strong infrastructure to continue research, as well as to implement the CCMP. Rhode Island's DEM has been heavily involved with the Narragansett Bay Project, as has the University of Rhode Island's

Graduate School of Oceanography, along with Federal facilities located on Narragansett Bay which include the NOAA Fisheries Lab, the Environmental Protection Agency Lab and the Food and Drug Administration Lab.

Again, next Wednesday, April 4, at the mark-up of H.R. 4115, it is my understanding that the reported version of the bill will contain an authorization of $200,000 for the Ocean Services section of the NOAA budget to be used specifically to establish a COMPAS system for Narragansett Bay.

Mr. Chairman, I urge this Subcommittee to add $200,000 to the NOAA budget for the same purpose.

On a separate matter, I would also urge a level of funding that would continue full-time operation of National Weather Service field offices and stations through fiscal year 1991. Weather stations provide the public with vital forecasts and warnings regarding tornadoes, hurricanes, floods, and fruit-frost and other winter storms.

Last year the Administration proposed closing numerous weather offices around the country, including the weather station at Green Airport, the only station in all of Rhode Island. I opposed the wholesale closing of stations in the past, and will continue to when necessary in the future. Numerous hearings before House Subcommittees have amply documented the value of these offices to public safety. For example, the National Transportation Safety Board estimates that over a third of all fatal air carrier accidents are weather-related.

Although the current budget request for the Department of Commerce would forgo closure for the present, it will be necessary for Congress to provide this needed funding. I am deeply concerned, however, by "phantom" staffing of some stations where vacancies are slowly filled, or hours of operation are curtailed.

A special matter is the possible effect of these closures on air safety. Many of the stations the Administration considered closing are located at major airports where they provide important information to aircraft. I therefore respectfully request that this Subcommittee direct the agency to conduct an air safety appraisal before proposing to close a station at such a site. Such language was included in H.R. 2427, which was passed overwhelmingly by the House.

Mr. Chairman, thank you for inviting me to testify before the Subcommittee today, and for considering the matters which I have discussed.

NARRAGANSETT
BAY · PROJECT

26 March 1990

The Honorable Walter B. Jones, Chairman
Committee on Merchant Marine and Fisheries
1334 Longworth House Office Building
Washington, D.C. 20515

Dear Mr. Chairman,

I am writing to express the Narragansett Bay Project's strong support of the proposal to fund NOAA's Estuarine Living Marine Resources Project (ELMR) to complete its inventory of the northeast's estuarine fisheries and life history profiles.

As you may know, the Narragansett Bay Project, a member of the U.S.EPA's National Estuary Program, has been collecting water quality and natural resource data in the Bay watershed since 1985. These studies have been performed in support of our effort to draft a comprehensive plan for the protection and management of Narragansett Bay water quality and living resources. However, our ability to substantively address local living resource management issues has been seriously impeded by 1) the lack of a centralized, regional database on life history strategies, habitat requirements, distribution and abundance of commercially important species, many of which range throughout the region; 2) the complicated array of federal, regional and state authorities which exercise jurisdiction over these fisheries; and 3) the lack of consistency in regional decision-making about the fisheries. This problem is many orders of magnitude more severe with regard to 'ecologically important', non-commercial species, in large part due to restrictions on the states' use of federal fish and wildlife funds.

The Narragansett Bay Project is presently collaborating with ELMR in Oxford, Maryland and the Rhode Island Department of Environmental Management, Division of Fish and Wildlife, to develop life history profiles for a number of resident marine species. ELMR is covering 'ecologically-important' species that the state agency is specifically excluded from addressing as a condition of its federal grants. In addition, the ELMR life history profiles cover species that are regionally distributed and the profiles contain regional information. The state profiles, on the other hand, only contain locally-collected data. The ELMR Project's species profiles dramatically illustrate the necessity for coherent, regional fisheries management. Until the northeast states have

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access to such information, marine resource managers will continue to make local decisions about regional resources and the fisheries will continue to suffer.

In conclusion, the ELMR Project would enable state decision-makers to incorporate necessary regional information into the decision making process. The northeast represents a particularly important geographic region for this approach because of the number of urbanized and developing northeastern estuaries that provide spawning and nursery habitat for regional fisheries. The ELMR database would enable resource managers to responsibly address problems that have historically been neglected because the ability to evaluate the 'true' magnitude of the problem has not existed.

On behalf of the Narragansett Bay Project, I urge you to expand the ELMR project to the northeast region.

Sincerely,

Caroline A. Karp
Project Manager

NARRAGANSETT BAY PROJECT

26 March 1990

The Honorable Walter B. Jones, Chairman
Committee on Merchant Marine and Fisheries
1334 Longworth House Office Building
Washington, D.C. 20515

Dear Mr. Chairman,

I am writing to express the Narragansett Bay Project's strong support of an appropriations bill presently being considered by your Committee. The proposal would provide for expanded testing of the NOAA Coastal Ocean Management, Planning, and Assessment System (COMPAS) data management prototype to Narragansett Bay or another Northeast estuary.

The COMPAS prototype, which has been tested in Texas, enables state resource managers to use data sets collected by a wide variety of federal, state and local water quality, resource management and land management agencies. Based on Texas' experience, COMPAS appears to provide a versatile and "user-friendly" climate for 1) storing and retrieving multi-disciplinary data sets that would otherwise be scattered throughout agency databases; 2) standardizing the presentation and analysis of diverse datasets; and 3) evaluating regional land use (habitat) effects on resource distribution and water quality. The ability to access and manipulate existing federal and regional databases has typically been unavailable to state resource managers.

Narragansett Bay is an ideal test site for the next demonstration of COMPAS. As you may know, the Narragansett Bay Project, a member of the U.S.EPA's National Estuary Program, has been collecting water quality and natural resource data in the Bay watershed since 1985. Consequently, Narragansett Bay can contribute a rich variety of physiographic and environmental monitoring data to such a pilot program. In addition, the Narragansett Bay Project has helped develop two local databases -- a FOCUS database and a Geographic Information System (GIS). These databases would supplement data sets presently archived in COMPAS and potentially help to explore additional applications of COMPAS.

Rhode Island is also fortunate in having a NOAA Marine Fisheries laboratory, an EPA Environmental Research laboratory and a Food and Drug Administration laboratory in state. These laboratories all have regional

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Administration laboratory in state. These laboratories all have regional and/or national responsibility for collecting water and sediment quality and natural resource data. A COMPAS pilot project could, therefore, take advantage of their existing databases and expertise to address regional resource management issues.

Once the Bay Project's (draft) comprehensive plan for the protection and management of Narragansett Bay water quality and natural resources is completed in late 1990, the State of Rhode Island will inherit the responsibility for its implementation. COMPAS would provide state decision-makers with the ability to incorporate necessary regional information into the decision making process.

In conclusion, COMPAS presents an ideal opportunity to test the feasibility of regional decision-making since regional data sets would be available to state resource mangers for the first time. The northeast represents a particularly important test case because many of the resource management issues facing these states, e.g., fisheries management, are regional in scope and require regional solutions. COMPAS would enable state resource managers to address problems that have historically been neglected because the ability to evaluate the 'true' magnitude of the problem has not existed.

On behalf of the Narragansett Bay Project, I urge you to consider expanding the COMPAS pilot project to another coastal region that desperately needs to begin implementing regional solutions to regional problems.

Sincerely,

Caroline A. Karp
Project Manager

Mr. **Smith.** Are there any further questions?

Mr. **Dwyer.** I have no questions.

Mr. **Carr.** Nor do I.

Mr. **Smith.** Thank you for appearing before us this morning.

Ms. **Schneider.** Great. Thank you very much.

THURSDAY, MARCH 29, 1990.

NOAA FISHERIES PROGRAM

WITNESS

HON. ROY DYSON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MARYLAND

Mr. **Smith.** Congressman Dyson, good morning.

Mr. **Dyson.** Good morning, Mr. Chairman. First of all, thank you for providing me the opportunity to review a problem that threatens to make the native American oyster extinct as a commercial resource.

I will be brief. Among the programs operated by the Department of Commerce is the National Sea Grant Program of Strategic Research. This year, the Administration has requested funding so that this program can continue its scientific research activities. What I am requesting is that the subcommittee appropriate an additional $3 million for the activities that have not been included in the Administration's proposal.

Mr. Chairman, as you know, stocks of native American oysters have been decimated by two distinct types of oyster diseases. The only things we know for certain about these diseases is that they pose no threat to human beings and that they are absolutely lethal to productive oyster beds.

I have appeared before you in past years to draw your subcommittee's attention to the devastation these diseases have wrought throughout the rural water-dependent communities of the Chesapeake Bay, and really in every coastal community where oystering has been a traditional livelihood. I have described the complete elimination of all oyster stocks in the Delaware Bay. I have reported on the spread of these diseases from Long Island to North Carolina, how they have been detected in the Gulf of Mexico, and how they altogether wiped out the Pacific Coast oyster about a decade ago.

Each year I have requested that your subcommittee appropriate funds for a full-fledged scientific assault on these diseases, and you have been very supportive. And let me say thank you very, very much for that. I appreciate that support, especially now with these deficit problems that we face. Your support has helped to intensify the scientific investigation into the origins and life cycle of these diseases. We now know appreciably more about transmission and mortality rates. We are, I believe, closer to the point where natural resource specialists, marine biologists, and commercial oystermen will be able to forge a comprehensive strategy for overcoming the effects of these diseases.

Last year, in part with the support your subcommittee provided, two important symposia were held on the problem of oyster diseases. One of these convened last September at the Virginia Institute of Marine Science, a second at Annapolis in conjunction with the Maryland State Department of Natural Resources. These symposia brought together public fisheries management officials and marine scientists from across this country and overseas. After intense discussion and debate, these symposia produced a battle plan for future research efforts needed to defeat the spreading oyster blight.

It is this program that I strongly urge you to fund, Mr. Chairman. I have taken the steps to see that the sea grant program is authorized to launch a comprehensive oyster disease research strategy. The best minds available for carrying that strategy out are in agreement and ready to begin field and laboratory experiments, monitoring and commercial innovations. But, clearly, without the necessary funding, we cannot expect to bring this strategy to victory.

The funds that I am requesting will help us restore the native American oyster as a commercial resource. The funds will help to generate new contributions to basic and applied research on marine diseases. We will learn more about genetic research into hybrid species and provide a boost for the technical innovations needed to germinate new aquaculture enterprises.

But if these funds are used as planned, in a concerted effort linking science with public management of public resources, they will also help to preserve a way of life that has been the unique signature of rural coastal communities since before this Nation was founded.

The watermen in my district practice a livelihood many inherited from their fathers and their grandfathers before them. They lead a solitary and fiercely independent life. They take to the waters of the bays and coves of the Chesapeake each fall, and throughout the long winter they pluck their fortunes from the Bay's once teeming fishing grounds. Many of the Bay's resources have fallen victim to the decades of pollution and mismanagement. The oyster over the years has become the staple of the watermen's livelihood. Now, that livelihood is threatened, and there are few other resources available to the traditional waterman.

I believe we can help, Mr. Chairman. We can let these men and women know that they are not alone in the battle against an unknown and invisible enemy. We have the science, the equipment, the imagination and the battle plan. If you can grant this funding request, I am convinced that we can ensure that the Chesapeake Bay and the native oyster beds along our seaboards will yet revive.

Again, Mr. Chairman, that is the end of my testimony. Thank you again for the help you gave us last year for something that the Administration has not included in their budget, although they give a lot of lip service to it.

Mr. SMITH. We are always glad to work with you. How does the Sea Grant program target these specific diseases?

Mr. DYSON. Well, last year we were able to get an authorization that was allocated specifically for that. In the past the Sea Grant program has been very generous. There have been a lot of demands on their funds, and when there was a lot of pressure locally, they would put money into this. And when that pressure withdrew——

Mr. SMITH. Well, do they then target a particular university or more than one university?

Mr. DYSON. It basically went to the States, Virginia and Maryland, for the two symposia.

Mr. SMITH. It was targeted for that purpose?

Mr. DYSON. Exactly. The grants went to those two States and were targeted just for the oyster disease research. These are the same two parasites that I talked to you about last year, the MSX and the Dermo. They wiped them all out in New Jersey, all in the Delaware Bay. Now it seems to be spreading very rapidly in the Gulf of Mexico.

Mr. SMITH. Are there any questions?

Mr. DWYER. I have no questions.

Mr. SMITH. Mr. Carr?

Mr. CARR. No questions.

Mr. SMITH. Okay. Thank you for presenting this testimony.

Mr. DYSON. Thank you very much for your time.

[CLERK'S NOTE.—Additional testimony and other materials submitted by Mr. Dyson for the record follow at page 913.]

THURSDAY, MARCH 29, 1990.

NOAA, ZEBRA MUSSELS

WITNESSES

HON. HENRY J. NOWAK, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK

HON. DENNIS ECKART, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF OHIO

HON. MARCY KAPTUR, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF OHIO

Mr. SMITH. Mr. Eckart and Mr. Nowak?

Mr. NOWAK. Thank you, very much Chairman Smith and my colleagues, thank you for the time to discuss this matter before you on such short notice, but as I think you will determine, this is a problem that has come upon us very quickly.

Mr. Chairman, last year, at this time, my Great Lakes colleagues and I requested vital funding to continue the Great Lakes Fishery Commission Sea Lamprey Program. I would like to thank you for your valuable ongoing leadership in that area. Today we return to speak of a menace to the Great Lakes that threatens not only our multi-billion sport fishing economy, but every industrial and municipal water intake, every portable engine and every recreational beach on the Great Lakes.

It would be difficult to overstate the threat of the zebra mussel. Quick estimates predict the damage to be approximately $500 million annually to the total Great Lakes and Canada, a devastating setback to the Great Lakes coastal community that is now enjoying new-found recreational-based economic activity.

On March 7th, my colleagues and I—Mr. Eckart, Mr. Carr and many of the Michigan Members also—co-sponsored legislation to provide the research and development of control measures for the zebra mussels and measures to stop the further introduction of exotic species into the Great Lakes environment, in fact, all over the United States coasts. Under the bill, an article sponsored by 29

Great Lakes members, NOAA would play a central role through the Great Lakes Environmental Research Lab and Sea Grants Program activities.

It is essential to have an appropriation this year so that we may get basic preventative information out to the water users this season and keep the zebra mussel from spreading rapidly to our inland lakes and streams. It is my understanding that the Sea Grant extension is doing this now but is in tremendous need of additional resources. Research must also proceed as quickly as possible before the municipal water supplies and industries are shut down across the Great Lakes Basin.

Mr. Chairman, we just had a symposium in Buffalo, New York, where over 300 citizens gave up their St. Patrick's Day celebration to attend an all day session and listen to experts discuss the zebra mussel problem and its ramifications.

Mr. Chairman, I know that it has always been a concern of yours that the authorization process move forward at the same time. The NOAA Bill, as it is now constituted, H.R. 4115, which was just introduced, includes $4 million for Sea Grant College programs and grants to the Great Lakes Environmental Research Lab to start to attack this problem.

I would urge your consideration of our request.

[The prepared statement of Mr. Nowak follows:]

Remarks of Rep. Henry J. Nowak to the House Appropriations Subcommittee on Commerce, Justice, State, and Judiciary
March 29, 1990

Mr. Chairman, last year at this time my Great Lakes colleagues and I requested vital funding to continue the Great Lakes Fishery Commission sea lamprey program. I would like to thank you for your valuable, ongoing leadership in this area. Today we return to speak of a menace to the Great Lakes that threaten not only our multi-billion dollar sportfishing economy, but every industrial and municipal water intake, every motorboat engine and every recreational beach on the Great Lakes. It would be difficult to overstate the threat of the zebra mussel...quick estimates put the damage at $500 million annually to the Great Lakes economy: A devastating setback for Great Lakes coastal communities now enjoying new-found recreational-based economic activity.

On March 7th, my Great Lakes colleagues and I introduced legislation to provide for the research and development of control measures for the zebra mussel and measures to stop the further introduction of exotic species into the Great Lakes environment. Under the bill, now cosponsored by 29 Great Lakes members, NOAA would play a central role through their Great Lakes Environmental Research Lab and Sea Grant Extension activities.

It is essential to have an appropriation this year so we can get basic preventative information out to water users this season and keep the zebra mussel from spreading rapidly to our inland lakes and streams. My understanding is that Sea Grant extension agents are doing this now but are in tremendous need of additional resources. Research must also proceed as quickly as possible before municipal water supplies and industries are shut down across the Great Lakes basin.

Mr. Chairman, if these figures do not impress you, I would just like to add that two Saturday's ago in Buffalo, New York, over 300 citizens showed up on a St. Patrick's Day afternoon to discuss the zebra mussel problem.

Thank you once again for your consideration of our urgent request.

-30-

Mr. Smith. Well, thank you for your testimony. I think that is a novel way to fight drunk driving, having these meetings on St. Patrick's Day. [Laughter.]

Mr. Nowak. I do not know how to respond to that.

Mr. Smith. It may work.

Mr. Dwyer. I have no questions.

Mr. Smith. I do have a question for either you or Mr. Eckart.

What feeds on these things?

Mr. Nowak. As of last week, at the symposium, we had all the expert information that was available on zebra mussels from all over the Great Lakes and all over the United States. There were people who did the research at the University and staff too, who went over to Europe to look at solutions. There are no known natural predators.

The problem is that now that they have been introduced they have spread, of course. They started in the Western Basin and now they are up to Dunkirk, New York, which is about 70 miles from Buffalo, coming up the lake. And they have also been picked up in Lake Ontario, so they are spread throughout the region. Not only are there no known predators at the time, but the chemical and other mechanical means that have been used to control them in Europe may not work in our environment. They are now in a fresh-water environment which these creatures seem to have taken to, even better than they did in the mixed-fresh water.

The scientists that were there at the symposium expressed the real fear that even if we could stop everything from coming in through the ballast now—the ships coming into the Great Lakes—you would still have an insurmountable problem because one female zebra mussel will produce between 30,000–40,000 young a season. And if you multiply that out, now where you have got already hundreds of millions of these in the Great Lakes, they will increase very quickly.

Mr. Smith. Obviously these zebra mussels are a very serious problem. There has never been a known species where some other species did not come along to feed on them.

Mr. Nowak. The only proposed solution that was suggested, Mr. Chairman, involved two fish in the Great Lakes, a species called the Sheephead and the Sucker which are bottom feeders. It was suggested that they would eat the eggs—as the eggs floated away, they would be able to make a dent in those eggs. But if you have got 40,000 eggs, it is going to be difficult to have somebody there——

Mr. Smith. You would have to have 40,000 Sheephead.

Mr. Eckart. But the eggs will float for about a two-week period, and then they will attach to anything. And once they attach, they start to grow. And what happens is that they live on plankton, and they filter large amounts of plankton each day. So this is not just a threat of unsightliness, it is really a threat to the whole ecology of the water.

But one animal that could have an impact is a duck. But we have not found this particular duck in the Great Lakes yet, and we may have to find this duck, wherever it is—it is a special duck and I cannot remember the name of it, but maybe we could import some of those ducks.

Mr. **Smith**. Well, these mussels are down deep though and ducks do not dive that deep, do they?

Mr. **Nowak**. Well, some ducks do.

Mr. **Smith**. Oh, really?

Mr. **Nowak**. This duck does and would be able to do something in concentrated areas, and they will concentrate where these mussels concentrate because of the feeding. And they eat as many as they can, but I guess the numbers—you would have to have an awful lot of ducks to make any kind of a dent in this.

Mr. **Smith**. If you have too many ducks, you will not have very many vegetable growers out there, either.

Mr. **Nowak**. That is true and that is another problem, the controls that are used in Europe, to a great degree, are high in concentrated chlorine. So if you have a fishery that does not have any other parts that could be harmed, chlorine will kill these mussels.

Mr. **Smith**. This is obviously a very, very serious problem and it ought to have a very, very high priority, but I interrupted you before we finished hearing from the panel. So go ahead, Mr. Eckart.

Mr. **Eckart**. Mr. Chairman, and members, I have nothing additional to add. I have a statement that could be made a part of the record. This is what they look like. Mr. Dyson wants to help oysters grow and we would like to make the environment a little less hospitable to these critters.

They cost a lot of our folks a lot of money. One of my utilities has to spend $600,000 just to clean the intake pipes. They are constricting intake pipes. Over in your state, Bob, one of the communities had to water ration because the water intake pipe got constricted by these mussels and right now, they have got to send divers down and scrape them away.

These pictures show what they can do in just a few months time.

[The statement of Mr. Eckart follows:]

DENNIS E. ECKART
11th DISTRICT, OHIO

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ENERGY & COMMERCE

COMMITTEE ON
SMALL BUSINESS

CHAIRMAN:
SUBCOMMITTEE ON
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CONGRESS OF THE UNITED STATES
HOUSE OF REPRESENTATIVES
WASHINGTON, D.C. 20515

TESTIMONY OF THE HONORABLE DENNIS E. ECKART
BEFORE THE COMMERCE, JUSTICE, STATE AND JUDICIARY
APPROPRIATIONS SUBCOMMITTEE
MARCH 29, 1990

Mr. Chairman, thank you very much for allowing us to testify before you today about the invasion of the zebra mussel in the Great Lakes. You have already received a letter jointly signed by 36 Members of the Great Lakes region appealing to your subcommittee to appropriate $3 million to the National Oceanic and Atmospheric Administration (NOAA) Sea Grants College Program and Great Lakes Environmental Research Lab. I would like to submit that letter to be included in the permanent record.

As we have detailed in our letter to you, this strange creature, the Dreissena Polymorpha, or the zebra mussel, has invaded U.S. waters through the discharged ballast water from foreign shipping vessels.

They look like small clams (normally less than 1.5 inches in diameter), but instead of resting on the bottom as our native freshwater clams do, they attach in clumps to hard surfaces such as breakwalls, water intakes, rocks, docks, boats and pipes.

Zebra mussels may also affect reproduction of native fish populations. Where large populations of zebra mussels are found (it is estimated that an adult female can produce more than 40,000 eggs a year), the algae population is noticeably reduced. Obviously, a reduced supply of food species for newly hatched fish may significantly affect the adult population.

Many questions remain unanswered as to the ultimate impact on the Great Lakes of the zebra mussel population explosion, but the outlook is not favorable. An official with New York Sea Grant has estimated that damage to fisheries, public water systems, utilities and other lake-dependent industries within the Great Lakes basin could total $5 billion in the next ten years. It's another one of those unwanted foreign imports that is costing us jobs.

Not only are they a menace while alive, but when they die, their shells are washed ashore by the millions, creating a dangerous situation to many individuals wishing to use the beaches. Their sharp edges make it nearly impossible to walk along the shore.

As you well know, the tourism and boating industries have become the main staple for many communities surrounding the Great Lakes. If the zebra mussels continue to multiply unattended, these industries will be in jeopardy. In addition, these mussels have proven to multiply quickly and migrate great distances. At this rate, the zebra mussels may threaten to infiltrate our nation's fresh water supply if not checked.

They have been located in Lake Michigan, not far from the Chicago River. Once in the river, they will have a straight shot into the Mississippi River. Right now this problem is a regional one, but in a few years, it will become a national one. I urge your subcommittee to appropriate $3 million to fund zebra mussel research to discover methods of 1) dealing with these mollusks, 2) slowing down their reproduction cycle and 3) locating possible commercial and beneficial uses for them.

Mr. SMITH. What is the yellow area shown on your map? That is not very appetizing.

Mr. ECKART. That is the interlinking waterways down which these little critters can go. And, as Mr. Nowak said, with 40,000 eggs coming from each female, it will not take very long to spread. So if we could contain them in the Great Lakes, we can avoid the spread into further areas.

Mr. SMITH. You mean they go into fresh water areas?

Mr. ECKART. Yes, sir, they will follow along the water currents.

And, Mr. Chairman, we know how tough it is for you to pass your bills—having been supportive just on Tuesday for your efforts. I know that makes life difficult from time to time, but we do want to help and we know that you want to help also and we appreciate the help here.

Mr. SMITH. Well, this has been a good presentation and I think it is a very serious problem, there is no question.

Mr. NOWAK. If I could just make one more statement. You mentioned the transportation and we have already found these in Chetakwa Lake which is fresh water. And the only way that they could have gotten in there, of course, is by attaching themselves to the bottom of boats. People will move boats from one area to another. If you have a fisherman from Indiana, or Iowa, fishing in the Great Lakes who brought his boat down and then put it in a little lake, and if he had these things on his boat, they will attach. And the transportation, even if it took them 14 days——

Mr. SMITH. They can live out of water for that long?

Mr. NOWAK. They will not die. They will not die. They have enough moisture in them, they will revive and they will start to breathe.

So that system that was alluded to now, maybe Lake Erie and that little part up in Michigan, that could be really spread quickly, unless, you know, you pass a law that every boat that comes out of the Great Lakes would have to be cleaned and washed and chlorined.

Mr. SMITH. I see what you mean when you say that it is going to take a lot of ducks.

Mr. ECKART. Yes, sir.

Mr. SMITH. Ms. Kaptur?

Ms. KAPTUR. Yes, Mr. Chairman. I just wanted to express my support for funding for research in this area of zebra mussels and I want to thank Chairman Nowak for his leadership on this. Congressman Eckart and I share the rim of that large red lake shown in the map, Lake Erie. I am in the Western Basin and the reason that I am here this morning is because that is the shallowest part of the Great Lakes and, therefore, the warmest. And we have had more zebra mussels than you would care to think about.

These were gathered in one of the tributaries that lead into Lake Erie and we have a multi-million dollar commercial and sports fishing industry in this area. And it is completely threatened. We have utility plants and our city water lines that are encrusted like that.

I just wish we could find an economic use for these things. My first thought was to make a mussel stew, but I really cannot. They have not in Europe been able to find a way to make use out of them.

Congressman Taylor, who was in the shrimp industry before he was elected to Congress, took some of these down to his state, and was investigating whether he could turn them into economic use. I know that chlorine and chemicals are an option, but I hate like the dickens after we have spent so much effort trying to clean up the lakes to put these chemicals in there. But right now, other than finding some natural predator, we do not have an answer. And I truly am worried.

We just restored our walleye population—we are the walleye capitol of the world. We have fishermen and fisher-women coming in from all over the world and all of this is threatened now, because these things eat the microscopic plant life that the fish eat on, so we could lose it all.

[The statement of Ms. Kaptur follows:]

NONINDIGENOUS AQUATIC NUISANCE ACT OF 1990
SUBCOMMITTEE ON COMMERCE, JUSTICE, STATE AND THE JUDICIARY

Testimony
The Honorable Marcy Kaptur
March 29, 1990

Thank you, Mr. Chairman and (Committee Members present) for the opportunity to testify before you today. I would like to urge the Subcommittee to appropriate monies for research on the zebra mussel, a creature that has infiltrated our Great Lakes and threatens the rest of our fresh water.

Zebra mussels are spreading throughout the waterways of Western Lake Erie and the Great Lakes system. The mussels grow and spread rapidly, covering hard surfaces such as intake pipes for public water supplies and power plants, spawning beds of some fish, fishermen's nets, boat hulls, and water circulation systems in boats. The rapid growth and expansion of the zebra mussel population in Lake Erie has the potential for creating environmental and ecological problems of proportions equivalent to those experienced in the Great Lakes with the introduction of the sea lamprey and the alewife. Because these mussels feed on the microscopic plant life essential for fish and fresh water sea life, they pose a major threat to the fish population's continued growth in Lake Erie. The mussels also jeopardize sportfishing and the multi-million dollar commercial fish industry.

Increased research funding is needed immediately for the Sea Grant College Program and related research programs. H.R. 4214, the Nonindigenous Aquatic Nuisance Act of 1990, authorizes $1,650,000 for Sea Grant competitive university research grants.

I strongly support this provision in the bill and urge full funding. Lakefront universities such as the University of Toledo in my district must be utilized for their expertise and physical proximity to the Great Lakes. Northern Ohio universities must determine the dynamics and regulation of the zebra mussel population in the Western Basin of Lake Erie, and identify and develop appropriate, effective control programs.

I urge support for this legislation which will go a long way toward providing research, control, and educational programs to combat this destructive mussel.

Mr. SMITH. Well, if we put enough money into research, are there people out there who could really use the money effectively since this is a new area?

Ms. KAPTUR. One of my interests in the legislation is the section that deals with $1.65 million for Sea-Grant Competitive University Research Grants. My hope is that the lake-front universities in Ohio; the University of Michigan and the University of Wisconsin—and I am sure that there are some in the New York areas that have acquired research centers that are very well known as well—

Mr. SMITH. Well, they are established research centers, but not for this particular problem——

Ms. KAPTUR. Not for zebra mussels, but they are——

Mr. NOWAK. Well, there is some expertise being built up. The Great Lakes Lab, which is located at the State University of Buffalo, has looked at this now for almost two years and had developed this symposium and brought in the various experts they found around the country on the zebra mussel. And, Mr. Chairman, you will have a recording, of course, of that conference.

Mr. SMITH. What is the life cycle of one of these animals?

Mr. NOWAK. The life cycle has been a minimum of three, and as high as five years in the ideal conditions. They will start breeding as this water warms up to 44 degrees, you will see an explosion of these things very quickly. And as the ice melts away in a week or two, the water will get up to 45 or 50 degrees and with that, you will have the initial burst of breeding. And then, as the water warms up in different cycles, there will be a series of breedings. We cannot capture the breeding cycle like we did the lamprey, who not only breed at the same time, but they go up into the streams where they are locked in and they can be treated.

Mr. SMITH. Well, in a lab, where they can control the temperature, can they speed up the life cycle so that you can have several breeding seasons a year to do research on them?

Mr. NOWAK. Well, the ironic part is that you do not have to do that with these, you can have breeding in sporadic periods. Not all of them breed at the same time. In other words, in the full summer you will have a portion of a percentage of the total population breeding at different times.

Mr. SMITH. I see.

Mr. ECKART. So it goes on all the time.

Mr. DWYER. Excuse me, they are indigenous to what part of the world?

Mr. ECKART. These came from Europe. When European freighters come into the Great Lakes they have ballast water for the stability of the boats.

Mr. DWYER. I understand how they are transported, but the ships are from Europe?

Mr. ECKART. Yes, sir.

Mr. DWYER. Do they have the same type of problem in any of those waters?

Mr. ECKART. They have experienced that kind of problem although their water is a little saltier than ours and this is fresher and they really seem to like their new home.

Mr. **Nowak**. And what the biologists said at the meeting, was that they think it is an ideal environment because of the high plankton count in the Great Lakes water. When you have the mix of salt that will hinder the growth and the explosion of these things, and hence, a number of 30,000-40,000 eggs per female——

Mr. **Dwyer**. Well, that was my question, because I thought that we might get some leads from over there how to control them.

Mr. **Nowak**. Well, there were some people over there who have gotten all of that material and the assembled knowledge is at Buffalo State College and they are going to continue to do their research in this area.

We also talked in terms of mechanical treatments. There are four or five mechanical treatments, different types of screens, filtering screens to stop the heavy impact, but still they are costly. No matter what they found that they did over there between the chemical treatment they could go so far, but once you start to put in enough chlorine, you start to change the whole environment over a much broader area. And they were not so concerned in Europe because it was mostly in shipping areas that they had the biggest problems. So it was somewhat limited because it was so different from Great Lakes with its mix of sports fishing. Nobody was sport fishing in the harbors of Rotterdam, which is the world's largest port.

Mr. **Dwyer**. You can almost walk across that harbor.

Mr. **Nowak**. Yes.

Mr. **Dwyer**. One other question, how about Canada; do they have an interest?

Mr. **Nowak**. There were Canadians at the conference and they are starting to be very interested, because they will start to have zebra mussels—especially in the very high cost beach areas, and they have commercial fishing as well—up further into Canada. They had representatives at the meeting, and they were going to coordinate the Canada Department of Environment—it is called REPA—and the Buffalo State teachers. They are only 30 miles away in Hamilton, Ontario. And they have four or five-story buildings where they do all of their environmental research relating to water there. So they are going to try and have a joint program.

Mr. **Dwyer**. I would suppose that after we get something going, then we could develop a joint program.

Thank you.

Mr. **Smith**. Mr. Carr.

Mr. **Carr**. Thank you, Mr. Chairman.

I just want to say, and to let our friends here know, that several years ago, the Reagan Administration proposed the abolition of the Great Lakes Environmental Research Laboratory in Ann Arbor. David Stockman, then Director of OMB, cited as his reason for eliminating the lab from the budget, that this was just some local thing out in the Great Lakes and it was not of any national importance.

I am delighted to hear the testimony from Mr. Nowak, and I am particularly interested in the fact that these zebra mussels can be transported not only through the natural water course, but also by attaching to boats and other things that are taken out of the water and transported to yet another body of water.

I am told by the experts at the Great Lakes Environmental Research Laboratory in Ann Arbor, that as best they can figure out, the genesis or the first known documented existence of the zebra mussels was in the Caspian Sea, which as you can see on the map on the wall is a land-locked salt-water sea. It was then transported probably to the Black Sea and then to the European ports, because of the growths that attached themselves to ships and other objects in the water and then were taken to another body of water.

If you look at the other map here, I think that you will note, those of you who have gone into Minnesota, or Wisconsin, virtually all of Michigan—including my own district, which is not bordered on the Great Lakes, but which has literally hundreds of fresh water inland lakes—that the whole area is threatened, rivers as well, through the Chicago Diversionary Canal.

So this is a major problem. I tell my friends at the witness table and my friends on this Committee that it was my friends on this Committee who prevented the Reagan budget axe from falling on the Great Lakes Environmental Research Laboratory which is now in a position to be a leading collection and dissemination function of the expertise on this problem.

And, Mr. Chairman, I would just like to say—endorsing the testimony here—that I would like to see a prudent earmarking of NOAA funds and additional funds, and that is not to be taken lightly, to be earmarked to GLERL and to the program of research through universities.

Mr. ECKART. I really appreciate that.

Mr. SMITH. What is the red area on the map?

Mr. ECKART. That is where they are right now. And we can update that map for you.

Mr. SMITH. So really those rivers can be any rivers anywhere if you can take them on boats?

Mr. ECKART. That is correct.

Those are the interconnected water systems and as Henry and Bob just pointed out, though, you could take a fast boat and fish off the break wall and then decide to pull that boat inland somewhere and take a zebra mussel with 40,000 little babies potentially where you go.

Mr. CARR. If the Chairman would yield?

Mr. SMITH. Certainly.

Mr. CARR. Most of the boaters in Michigan are small craft boaters and transport their boats between the various rivers and lakes.

Mr. NOWAK. There was a fisherman's coalition at this symposium, and they have been sending me all kinds of alerts that when you take your boat out of the Great Lakes now, to wash it down with chlorine.

Thank you, Mr. Chairman.

Mr. SMITH. Thank you all for this enlightening presentation.

Mr. NOWAK. Thank you, Mr. Chairman.

Mr. SMITH. Thank you very much.

At this point in the record we will insert the testimony of Congressman Bob Davis, who was unable to attend this session today.

[The statement of Mr. Davis follows:]

STATEMENT BY THE HONORABLE ROBERT W. DAVIS (R.-MICH.) BEFORE THE SUBCOMMITTEE ON COMMERCE, JUSTICE, STATE, AND JUDICIARY: MARCH 29, 1990.

I am here to add my voice to those requesting funds to help control the invasion of our Great Lakes by aliens – species that is. Unfortunately, due to the first meeting of the Senate-House conference on oil spill legislation, I was unable to join Congressmen Jones and Hertel yesterday to present our bipartisan appropriations request for the National Oceanic and Atmospheric Administration. However, their testimony highlighted a need for exotic species control funds for NOAA.

As part of H.R. 4115, Congressman Dennis Hertel and I have authorized $4.5 million for exotic species control and eradication research, through the National Sea Grant College Program and the Great Lakes Environmental Research Laboratory. I reiterate our request here. A $4.5 million investment now may prevent a $5 billion dollar problem later, and I urge the members of the

Subcommittee to take a long-term view of this serious threat to the Great Lakes ecosystem.

Beginning in 1988, researchers from the Great Lakes Commission and the National Sea Grant College Program began sounding an alarm about non-native marine life invading the Great Lakes. These exotic species, which include the river ruffe, zebra mussel, rusty crayfish, three-spined stickleback, smelt, spiny waterflea, alewife, coho salmon, Asiatic clam, Chinese mitten crab, and carp, prey on native organisms, compete for limited food supplies, or otherwise interfere with the Great Lakes environment.

Most species are transported into the Lakes in vessel ballast water taken on by ships in foreign ports and then discharged into the Great Lakes when cargo is loaded, or to transit shallow connecting channels. Birds can also transport alien water life into the Great Lakes on their feet or feathers. There is even an instance where anglers using rusty crayfish for bait in Wisconsin have unwittingly created a problem in Lake Superior.

The economic impact of these aliens may reach over $5 billion, threatening the Lakes' sport and commercial fishing industries, municipal and industrial water supplies, and shipping interests.

The current darling of the exotic species world is the zebra mussel, a small but prolific mollusk with few natural predators and no future for commercial harvest, even with garlic butter. These aquatic pests make themselves at home on hard surfaces such as piers, boats, and water intake and discharge pipes. Large populations of these marauding mollusks have impaired pipe capacity at several drinking water plants, including one Monroe, Michigan, water pipe whose three-foot diameter was reduced to one. In addition, vessel hulls must be scraped or mussel presence increases friction in water, slowing vessels and adding to shipping costs.

The only good thing we have been able to discover about these sometimes crippling critters is that they clarify water by filtering out algae, but even this practice robs food from other native Great Lakes species and the resulting excretions make water acidic.

The invader posing the biggest threat to the upper Great Lakes is the river ruffe, a mid-size European member of the perch family. Like the zebra mussel, the ruffe has few natural predators and is prolific. On top of this, the fish lives up to its name and is extremely aggressive, displacing our native yellow perch (an important fishery) through competition for the same food source. In addition, this pesky piscine dines on the eggs of whitefish, our largest commercial fishery.

Right now, the U.S. has few ways to rein obnoxious exotics already in the Lakes. For the zebra mussel, we use our own muscle power to laboriously scrape out pipes and clear off vessel hulls. Some filters are available for intake pipes, but these are expensive, up to $50 million each. Some companies have taken to dousing the mussels with 300-pound doses of chlorine, but this pollutes our waters, results in mounds of dead mussels, and creates the possibility that chlorine and zebra mussel proteins may combine to form cancer-causing agents.

Under my Great Lakes Exotic Species Prevention Act, now Public Law 101-225, the Coast Guard, working with its Canadian counterpart, will examine methods for controlling the influx of exotic species into the Great Lakes, including a requirement for exchanging ballast water in mid-ocean. A report is due to Congress in June 1990. The Canadian Coast Guard has also instituted a voluntary ballast water exchange program with some success. All this may help to prevent future forays into the Lakes by unwelcome visitors, but we need funding to help us control our current problem now, before aliens do take over our Great Lakes.

# # # # # #

RWD:lpm

THURSDAY, MARCH 29, 1990.

NOAA FISHERIES

WITNESS

HON. JOLENE UNSOELD, A REPRESENTATIVE IN THE HOUSE OF REPRESENTATIVES FROM THE STATE OF WASHINGTON

Mr. SMITH. We will now hear from Representative Jolene Unsoeld from the State of Washington.

Mrs. UNSOELD. Thank you, Mr. Chairman and members of the Committee. I appreciate this opportunity to talk about something that is kind of far afield and removed from the land of amber waves of grain. Now, I am going to ask you to transplant yourself to the Northwest Pacific province.

Our issues probably do not have as much pizzaz as the ones for the breadbasket or this zebra mussel creature, but they are very important and very important economically too.

The Administration, once again, has proposed a major reduction for the National Marine Fisheries Service, and I think perhaps the most distressing is that the fiscal year 1991 Bush budget represents a major retreat—some 22 percent—from the Federal Government's commitment to fisheries, at a time of increasing demands on those resources. Programs for managing the National Marine Fisheries Resources, for conserving endangered and threatened marine species, and for turning out a number of research enhancement and habitat protection programs would be drastically reduced.

Now, one of the programs that is very important to us in the Northwest is the Mitchell Act Hatchery Program. In 1938, in an attempt to maintain migratory fish and conservation following the degradation of the fish farms because of the power dams, the Congress directed the government to take care of these fish hatcheries. Some 20 that are in Washington provide 50–70 percent of the salmon smolt that are in the Columbia River. That is probably about 100 million smolt.

Now, the budget request from the President had no money for this. People from the Northwest, through their electric bills, are spending tens and tens of millions of dollars on fisheries and hatcheries and we need to continue that Federal/regional partnership. The estimate is that $15 million is needed because many of those hatcheries are getting into very serious states of disrepair because of the difficulty in the funding in recent years.

Another issue is the high-seas salmon interception. Now, we know that large quantities of our U.S. salmon are getting illegally caught by those huge driftnets, 30 or 40 miles long. There are probably 30,000 miles of net on any given day out there, taking our fish. And we have an observer program that is probably representing about $24 million dollars a year, or 10,000 metric tons, so that it is a sizeable economic impact.

They also kill other marine life. But NMFS is soon going to release a report on the 14 observers that we had on Japanese vessels last year and based on the preliminary, we know that tens of thousands of marine mammals were killed last year. Now, until there is a ban on using those nets, we have really got to beef up that observatory unit and increase the number of U.S. observers and acquire 100 percent transponders. The industry environment and regional government officials all maintain that we need about $7.5 million for that observer program. And the Administration only requested $3.3 million.

Mr. Chairman, the real investment in America has just got to include an investment in our natural resources, as you have consistently supported. Unfortunately, at this time we in the Northwest need greater fisheries resources to halt the illegal pirating of our salmon and steelhead and greater enhancement of funding to restore the Northwest salmon runs and better manage our over-exploited stocks.

The Administration is proposing a 22 percent reduction in that fisheries budget. Now, just as if you all planted less seed, you are not likely to get an increase in production, and Mr. Chairman, we are not going to get more from our fisheries resource with a smaller investment.

[The prepared statement of Mrs. Unsoeld follows:]

Statement of the Honorable Jolene Unsoeld
on the The National Marine Fisheries Service Budget
before the
Subcommittee on Commerce, Justice, State, and the Judiciary
House Committee on Appropriations
March 29, 1990

Thank you. I appreciate the opportunity to testify before your Subcommittee this morning on important Northwest fisheries programs.

Mr. Chairman, once again the Administration has proposed major reductions for the National Marine Fisheries Service. Perhaps most distressing is the fact that the FY 91 Bush budget represents a major retreat -- some 22% -- from the federal government's commitment to fisheries, at a time of increasing demands on the fishery resources. Programs for managing U.S. marine fishery resources, for conserving endangered and threatened marine species, and for carrying out a number of research, enhancement and habitat protection programs would be reduced.

In the Northwest, the fisheries research and management programs of the National Marine Fisheries Service are vital to our economies. Fisheries in these regions produce over 5 billion pounds of edible seafood annually, roughly equivalent to half our nation's fisheries production. With a wholesale value of about $4 billion, they directly support over 70,000 people employed in fishing, processing, and marketing. Additionally, the fisheries support wide employment in shipbuilding, maintenance, and other support industries. Over $1 billion in seafood is exported annually from these fisheries, nearly 70% of the nation's total fishery exports.

There are a number of important programs that the Congress will need to restore. One of the most important to the people of the Northwest is the Mitchell Act Hatchery Program. This Act, passed by Congress in 1938, authorizes hatcheries and other measures to maintain migratory fish in the Columbia Basin following the degradation and destruction of habitat caused by federal dams. These hatcheries produce 50 to 70 percent (approximately 100 million smolt) of the salmon released into the Columbia river. They are the principle mainstay of both the commercial and recreational fisheries in the Northwest.

The Administration has proposed to ignore its statutory responsibilities under the Mitchell Act and requests no funding for these hatcheries. In reality, a total of $15 million is needed.

Mr. Chairman, I would also like to speak briefly about the problem of high seas salmon interception.

Large quantities of U.S. salmon are being illegally caught by the driftnet fleets of Japan, Taiwan, and Korea. In 1988 alone, the loss is projected to have been at least 10,000 metric tons of salmon, representing a loss to U.S. fishermen of nearly $21 million.

These foreign fisheries also indiscriminately kill other marine life that become entangled in these nets. NMFS will soon release a report based on data collected from 14 North American observers aboard Japanese driftnet vessels. Based on this data, NMFS estimates that "tens-of-thousands of marine mammals were killed last year."

In February , the house overwhelmingly passed my legislation seeking an international ban on high seas driftnets. The President, through the Office of Management and Budget opposed this bill, preferring instead to continue existing agreements to compile more data.

While these agreements provide the opportunity to place U.S. observers and transponders on a limited number of foreign driftnet vessels, less than 10% of the foreign fleet is monitored.

Mr. Chairman, until moratoria are placed upon the foreign driftnet fleet, we must increase the number of U.S. observers and require 100% transponder coverage on the foreign boats. Industry, environmental, and regional government officials maintain $7.5 million is needed. Not surprisingly, the Administration requested only $3.3 million.

Finally, Mr. Chairman, over the years it has been very clear that former President Reagan had other priorities and failed to recognize the importance of fisheries to the nation. While not as severe, the FY 91 fisheries budget again represents wholesale attacks on commercial, recreational, and tribal fishermen in the Northwest. Yesterday morning, Mr. Dem Cowles, testified on behalf of a coalition of 27 Northwest fishing, processing, and marketing associations. I have reviewed their testimony carefully, and I want to lend my full support to their funding proposals for:

1. Bering Sea Pollack Research,
2. Regional Fisheries Management Councils,
3. Bering Sea Crab Assessment,
4. Marine Mammal Population Assessment,
5. the Domestic Fisheries Observer Program,
6. Pacific Fisheries Information Network, and
7. the West Coast Groundfish Research Program.

Mr. Chairman, real investment in America must include investment in our natural resources. In the Northwest, that includes our fisheries resource. Unfortunately, the administration's budget represents a retreat, not a step ahead for fisheries.

At a time when we need,

(1) greater fisheries enforcement to halt illegal pirating of our salmon and steelhead by foreign driftnet fleets;
(2) greater enhancement funding to help restore NW salmon runs; and
(3) better management of overexploited stocks,

the administration is proposing a 22% reduction in the federal fisheries budget and has included no funding for Columbia River hatcheries.

We're not going to get more from our fisheries resource with a smaller investment.

Thank you Mr. Chairman.

Mr. SMITH. Mr. Dwyer any questions?

Mr. DWYER. No, thank you, very much.

Mr. SMITH. Thank you very much for your testimony.

Mrs. UNSOELD. Thank you.

THURSDAY, MARCH 29, 1990.

NATIONAL INSTITUTE FOR STANDARDS AND TECHNOLOGY

WITNESS

DR. RICHARD F. GAERTNER, CENTER FOR ADVANCED TECHNOLOGY DEVELOPMENT, INSTITUTE FOR PHYSICAL RESEARCH AND TECHNOLOGY, IOWA STATE UNIVERSITY

Mr. SMITH. Next, we have Dr. Dick Gaertner of the Institute for Physical Research and Technology at the Iowa State University.

Mr. GAERTNER. Thank you, Mr. Chairman.

Mr. Chairman, I am the Director for the Center of Advanced Technology and Development at Iowa State University. This Center is one of several laboratories which make up the Institute for Physical Research and Technology. And the largest of these laboratories is the Ames National Laboratory which is operated by the University for the U.S. Department of Energy.

What I would like to do today is to give the subcommittee a very brief report on the progress that we have made to date, on a new program called the new investor materials program, and provide two recommendations for the consideration of the subcommittee.

First, this program was begun as an experiment in July of 1987, as a result of a grant from the Department of Commerce. The reason for this program was to determine whether or not some type of bridging mechanism can be installed or instituted between research conducted by the university and an actual lab environment, so that this basic research can be converted into usable technology of commercial value that it can be converted into companies that can be spun off to enhance the economic development of the region and the country as a whole.

The model that was developed is described in my written statement, so I will not describe that to you now. I will say that the model is working and it is working very well. In the less than three years that the program has been in effect, I am quite proud to say that we already have in place, and spinning off, seven new businesses based on new technology that has come out of the Ames Laboratory and out of the University. We have six additional new businesses which are still in our development pipeline, which will be coming out in the form of new businesses within another 12-to-18 months.

A description of these businesses and of the technologies is contained in the written testimony, but I will say that based on our estimates and the opinion of market research experts that we have had retained, each of these businesses will have sales potentials ranging from $10 million a year to upwards of $500 million a year in sales within 10 or more years after startup.

As a matter of fact, some of these technologies are quite revolutionary in nature. In the case of one, there is one government expert who has mentioned that the potential of this particular technology is very, very high for revitalizing the entire industry. This happens to be the microwave electronics industry for the microwave communications. He felt that the technology had very high potential for re-establishing the U.S. dominance in this particular industry relative to our overseas competitors.

I would like to mention that there are several factors that have been instrumental in the development of the program. There are a number of these but I will just mention two.

First of all, Iowa State University and Ames Laboratory have historically been very, very strong instruments, very, very strong machines for sources of new, basic science. Over the years, it has come up with some very novel and very useful inventions. Among which, I will just mention three: the inductively coupled atomic emission spectrometer which is used around the world; a digital computer; and the B-73 seed corn, which accounts for upwards of 70 percent of the world's corn production. All of this has come out of the Ames Laboratory and Iowa State University.

The next factor I will mention is on the other end of the development spectrum, and that is the availability of Iowa State University Research Park and interested venture capital firms—that is, venture capital firms which have supported this effort, such as Edge Technologies of Des Moines which provided the startup funds and the environment in which these new businesses can grow and mature and prosper.

In conclusion, I would like to recommend that I feel that the program has excellent potential for continuing the development spinoff of new businesses, as the program is still in a very early stage. Based on that, I feel that the program ought to be continued and I would recommend that there should be a base funding established, through the Department of Commerce, at the rate of $3 million per year for the next five years to just continue what we have already begun and to continue putting forth these new businesses which I am sure are going to help us in the State of Iowa, and in the nation as a whole.

We also recommend that the program be expanded, to include two other institutions, somewhere in the country, to just demonstrate that the approach and the methodology that we have developed can be successfully extended to other universities or other national laboratories. This will be done, again, in cooperation with the Department of Commerce, and with the assistance of people from Iowa State University, such as myself.

Thank you.

[The prepared statement of Dr. Gaertner follows:]

TESTIMONY OF

Dr. Richard F. Gaertner
Director
Center for Advanced Technology Development
Institute for Physical Research and Technology
Iowa State University of Science and Technology
Ames, Iowa 50011

On Behalf of the
New Industrial Materials Program

Before the
House Appropriations Committee, Subcommittee on Commerce, Justice and State
Washington, DC
March 29, 1990

Mr. Chairman, my name is Richard Gaertner and I serve as the Director of the Center for Advanced Technology Development at Iowa State University. The Center is one of ten research centers and laboratories comprising the Institute for Physical Research and Technology, which is an R&D consortium focused primarily in the area of advanced materials development. The largest of these institutions is the Ames Laboratory (USDOE).

Today I speak on behalf of the New Industrial Materials Program, which has been funded by the Department of Commerce since July 1987 to develop new technologies that have been researched at Ames Laboratory and other entities within Iowa State University for the purpose of enhancing the competitiveness of U.S. industry and stimulating regional industrial growth in the State of Iowa. The program was intended to be an experiment in an entirely new approach to technology transfer.

My testimony today will be a brief report on the progress that has been made to date. This will be followed by two recommendations for the consideration of this subcommittee.

NEW INDUSTRIAL MATERIALS PROGRAM: A TECHNOLOGY TRANSFER MODEL THAT WORKS

The origin of the program can be found in the testimony given to several Congressional committees in the spring of 1986 by Dr. Robert S. Hansen, former director of the Institute for Physical Research and Technology and of the Ames Laboratory. The model on which it is based was developed in the late 1970s by Owens Corning Fiberglas Corporation and then modified by Iowa State University to accommodate market driven research in an academic environment. The methodology involves two years of extended technical development as the bridging mechanism between university research and its industrial commercialization. This period of extended technical development serves to substantially reduce the business risk involved in commercializing the new technologies while also greatly increasing their "value-added". Management direction is given to the technical development, and business risk is further reduced, through market research studies, techno-economic analyses of the product manufacturing costs, cash flow studies based on business financial models and an identification of the initial strategies for business formation and market entry. The financial and strategy studies are carried out in cooperation with potential licensees. While the program itself does not involve starting up new businesses, the program does have the objective of providing a low risk package of technology and business understanding so as to stimulate capital investment by others to form new businesses. As far as I know, no other university or national laboratory is taking this type of comprehensive approach to technology transfer.

New Technologies Are Already Being Commercialized

Even though the program is less than three years old, and the technologies require a two year period of incubation for extended development, some five new businesses have already begun, or are in the process of starting up, as a result of the program. Two other businesses are also in an early stage of license negotiation and formation. These include:

- Ames Specialty Metals Division - A division of Edge Technologies, Inc., this company was started up in November 1989 to manufacture rare earth metal alloys for the production of neodymium-iron-boron permanent magnets. The technology, developed at Ames Laboratory, will give the company both a cost and performance advantage over its competitors, primarily located outside the U.S., in the important market for high energy permanent magnets, which is estimated to be $1.3 billion by 1996. Applications for these magnets include small motors used in automobiles, appliances and power tools as well as electromechanical devices used in electronic communications equipment and computers.

- MTEC Photoacoustics Inc. The device manufactured by this company is an accessory for an infrared spectrometer that is used for the chemical analysis of materials. This instrument greatly improves the utilization of the spectrometer and is now being marketed worldwide. More than 400 of the instruments have been sold to date with over 50% of the sales occurring in Japan and Europe.

- Composite Technologies Corporation The product for which this company has a pending license is a fiberglass-reinforced plastic reinforcement bar which will replace the steel "rebar" that is commonly used in concrete construction for buildings, bridge decks and other infrastructure applications. The fiberglass-plastic reinforcement bar is as strong as steel but in a concrete structure it performs better than steel insofar as it will not undergo corrosive deterioration. The corrosion of steel rebar through microcrack moisture penetration is the principal reason for the failure of bridge decks and other reinforced concrete structures.

- Engineering Animation Inc. This new company was started up to market a unique interactive software package for the dynamic three dimensional computer representation of engineering equations of motion. The software has many useful practical applications, among which is the simulation of motor vehicle dynamics under a wide range of highway conditions and an evaluation of the expected performance of certain types of industrial equipment.

- RESIFT Inc. This company was started in 1989 up to produce a new type of mass spectrometer for chemical analyses that will be particularly useful in biotechnology and medical research. The first use of the instrument will be in medical research dealing with neurological disorders such as schizophrenia, Alzheimer's disease and Parkinson's disease. The company has been awarded a Phase I Small Business Innovation Research (SBIR) grant by the National Institute of Neurological Disorders and Stroke.

- New Microelectronics Company Discussions are in a early stage for the start up of a new microelectronics company for the production of microchips and electronic devices for use in microwave communications. The basis for this business will be the thin film resonator technology discovered by ISU's Microelectronics Research Laboratory. Typical applications will be global positioning systems, pagers and remote meter reading devices.

- New NDE Equipment Company Market research studies have been completed and discussions have begun to form a company which will produce a series of instruments and quality control monitoring systems based on new technology in nondestructive evaluation. These devices will have a wide variety of applications including improved capability for the inspection of aging aircraft. The new company will begin by marketing a collection of five instruments and inspection systems that have been developed from original research performed at ISU's Center for Nondestructive Evaluation.

Other Technologies Are Still In The Development Pipeline

Twenty extended development projects have been initiated since the inception of the program and of these three were terminated early for either market or technical reasons. Some of the technologies still under development that will lead to other new businesses in the early 1990s include:

- On-Line Infrared Spectrometer for Continuous Industrial Processes This instrument is the only known device which will allow real time chemical analyses of organic materials in a continuous industrial setting for the purpose of in-process inspection and final quality control. Both the General Electric Co. and Imperial Chemical Industries of Great Britain have already indicated a great interest in the instrument.

- Optical Fiber Sensor Device for Environmental Control Monitoring This device will be used for the remote monitoring of chemical effluent waste streams, leach fields surrounding solid waste dumps and run-off streams from various mining operations. The sensors are currently being developed to detect degree of acidity and the concentration of heavy metals.

- Catalyst for Petroleum Hydrodesulfurization An improved catalyst is being developed for the hydrodesulfurization of petroleum crudes. This catalyst will have the capability of saving the petroleum companies and their customers an estimated 500-700 million dollars each year in the cost of removing sulfur compounds from the crude oil used to serve much of U.S. industry. A partnership for the final development and marketing of the catalyst is being arranged with a major U.S. petroleum company.

- Unique Refractory-Metal/Copper Alloys These new high strength copper alloys invented at Ames Laboratory are being explored in a wide variety of applications. One of these is their use as a replacement for conventional copper beryllium alloy which is currently employed as the material as choice in the production of electrical microswitches.

Beryllium is considered to be a strategic material because of its scarcity and is difficult to handle because of its high level of toxicity.

- Silicon Carbide Fiber Process   Silicon carbide fiber for producing ceramic and metal composites for use in high temperature aerospace and industrial applications is currently available in large quantities from polymer precursors only from Japanese suppliers. Essentially all such fiber used in the U.S. is imported. Based on new chemistry invented at Iowa State University, a process is being developed to manufacture continuous silicon carbide fiber at a much lower cost than can be obtained from competitive processes.

These and other projects will mature into opportunities for commercialization within the next twelve to eighteen months. Beginning in July 1990, another generation of six to eight new projects will begin which will result in additional opportunities for new businesses in the 1993-1994 timeframe.

THE FUTURE: WHAT'S NEXT AND WHAT'S POSSIBLE?

After having been involved for almost three years in the program, I believe it has been conclusively demonstrated that a highly focused, market driven industrial approach to technology transfer can be successfully adapted to a university environment and result in extensive new business opportunities for the strengthening of U.S. competitiveness in the world marketplace and the broadening of regional industry. Iowa State University with its Ames Laboratory has been a rich source of technology and will continue to be so in the future. However, this model for technology transfer could undoubtedly be used at other institutions as well.

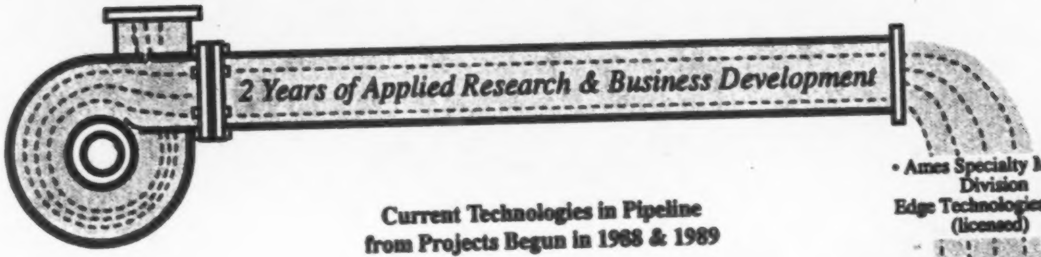
Although the program at Iowa State University has already demonstrated considerable ability to commercialize new technologies, it is still in a very early stage and has enormous potential for promoting continued economic development regionally and in the U.S. as a whole. At its current level, the program has the capability to produce at least one major new business every two years and six to eight smaller businesses during the same timeframe. Funding required to sustain this level of activity is in the range of $4-5 million per year. Individuals familiar with industrial research will recognize that the program's cost-to-benefit ratio is indeed very low. It is therefore recommended that a base support for funding the program at Iowa State University be continued by the Department of Commerce at the rate of $3 million per year for the next five years. All additional funds above the base level would be provided by the State of Iowa.

Considering the high level of interest by the federal government in better utilizing the technology assets of its many national laboratories and in exploiting the potential for technology commercialization in the nation's many research universities, it is also recommended that the program be expanded to include at least two additional institutions to demonstrate that the technology transfer model can be successfully taken beyond Iowa State University. To carry out this task, Iowa State University could provide tutorial services and other support during the initial program startup at these other institutions and could participate as a member of an oversight team with representatives from the

Department of Commerce. Expanding the program in this manner would require additional funding of $8-10 million per year.

CATD* PIPELINE TO NEW BUSINESSES

$10.4 million of federal money has primed the pump since 1987 ➡ to fill the pipeline with developing Iowa State University technologies, ➡ creating new high-tech businesses in the state of Iowa.



Current Technologies in Pipeline
from Projects Begun in 1988 & 1989

- ▶ Powder metallurgy process for producing high energy product permanent magnets.
- ▶ Stress and texture analyzer for metal forming operations.
- ▶ On-line infrared spectrometer for continuous industrial processes.
- ▶ X-ray photographic image enhancement software.
- ▶ Silicon carbide (continuous) fiber manufacturing process.
- ▶ Optical fiber chemical sensors and monitoring devices.
- ▶ Surface modification of materials through ion implantation.
- ▶ Self calibrating eddy current instrument for NDT.
- ▶ Deformation processed chromium-reinforced copper composites.
- ▶ Random event single ion mass spectrometer for biochemical analyses.
- ▶ Catalysts for improved hydrodesulfurization of petroleum crudes.
- ▶ Unique software for dynamic analyses of three-dimensional structures.
- ▶ Composite reinforcement materials for concrete bridge decks & buildings.
- ▶ Commercial applications of unique refractory metal-copper alloys.

- Ames Specialty Metals Division
  Edge Technologies, Inc.
  (licensed)
- MTEC Photoacoustics, Inc.
- Engineering Animation, Inc.
  (license pending)
- Composite Technologies Corp.
  (license pending)
- Potential NDE Equipment Business
- RESIFT, Inc.
  (licensed)
- New Microelectronics Co.
  (license pending)

9-13-89

* Center for Advanced Technology Development

Mr. SMITH. Now, just one or two questions.

It is not just Federal money alone in this. Now, you have got what, $3 million in Federal money this year?

Mr. GAERTNER. That is correct.

Mr. SMITH. And then what is the total cost of the program? Is it $38 million?

Mr. GAERTNER. Well, yes, of the entire program in the IPRT organization that is the Institute for Physical Research and Technology has been $38 million and some of that has come from the state of Iowa.

Mr. SMITH. And there is nothing like it anywhere else in the country and you would probably need a couple of more of them but they should be warned that they need local support, both from private industry and from the states to do it.

Mr. GAERTNER. Oh, yes, for the Center of Advanced Technology Development, we will require from $1-to-$2-million just for our own use from the State of Iowa to continue the level of activity as it has been in the past.

Mr. SMITH. And these new businesses—if they get into the $500 million range or even the $10 million range, they are going to have subsidiaries, that affect businesses geographically all over the country, is that correct?

Mr. GAERTNER. Well, sir, yes, they would be all over the country, however, I have to admit that we are focusing on the State of Iowa.

Mr. SMITH. Yes, but when a business grows, it then has subsidiaries in other places, and so you are feeding jobs all over the place.

Mr. GAERTNER. That is correct.

Mr. SMITH. For example, the magnetic—I forget what you call it, but that feeds industries all over the United States?

Mr. GAERTNER. Oh, yes, yes.

Mr. DWYER. No questions.

Mr. SMITH. Thank you for appearing before us today. I have other questions but in view of the time we will have you submit the answers for the record.

[The following questions were submitted to be answered for the record:]

QUESTIONS/ANSWERS

1. **Dr. Gaertner, What has been the effect of the Center for Advanced Technology Development on the transfer of technology from research at Iowa State University and the Department of Energy's Ames Laboratory?**

The Center for Advanced Technology Development (CATD) has raised the consciousness of the faculty and researchers to the importance of commercializing their technologies for the purpose of improving both the regional and national economies. In the past, much of the commercial value of new technology at ISU has been lost through premature publication and failure to establish a patent position.

Although the University and Ames Laboratory have had significant accomplishments in developing important new technology over the years, very little of this has resulted in new businesses - particularly those which have been retained in the state and have resulted in regional economic development. As I mentioned in my testimony, in less than three years after startup, the New Industrial Materials Program has already resulted in beginning seven new companies and is laying the groundwork for beginning a half dozen others.

2. **Dr. Gaertner, What other examples of model programs or experiments can you cite of technology development and technology transfer?**

Let me say at the outset that most universities and national laboratories still consider technology transfer simply a matter of licensing. In most cases, there is no attempt to understand the business potential. There is no technology transfer bridge and the business risk, and therefore risk of failure, is very high.

However, in addition to the concept developed by CATD, some universities have taken other approaches to improve technology transfer. These approaches have resulted in the formation of limited partnerships or corporations wherein the university contributes the technology and outside investors contribute the funding. Examples are:

- A/W Company (limited partnership with Washington University of St. Louis)
- Triad Investors Corp. (John-Hopkins University)
- Arch Development Corp. (Argonne National Lab and University of Chicago)

These organizations have all been established within the past 3 years.

3. **What types of projects are you proposing for the next year?**

The projects I am proposing to the Department of Commerce for the next two fiscal years are:

- Single Event Mass Spectrometer - This is an analytical device for determining the composition of materials that will compute in the general purpose mass spectrometer market. Its advantage is that it will have higher sensitivity, much greater utility and can be sold for a substantially lower price. (Patented)

- Magnescope Inspection System - This is a device for nondestructively measuring the level of stress in steel components. It has already been developed and proof of concept demonstrated in the testing of steel railroad rails. (Patent pending)

- Seed Inspection Instrument - This instrument will classify the properties of agricultural seeds, such as texture, color, conformity, uniformity, integrity, etc. It will utilize computer graphic analysis and ultrasonic inspection. It might also be applied to the inspection of small parts, such as nuts/bolts and other fasteners. (Patent pending)

- Injection Molding of High Energy Permanent Magnets - New technology will be developed to inexpensively manufacture complex permanent magnets in large quantities through the process of injection molding.

- TIRES Field Instrument - This will be a continuation project for one that was begun in 1988. It will utilize one or more industrial partners to develop an industrial process control version of our transient infrared emission spectrometer (TIRES). (Patent pending)

- Composite Reinforcements for Concrete - This will be a continuation of the current project into a second year. The project has as its objective the development of glass fiber-plastic "rebar" for the reinforcement of concrete structures.

- Exploratory Technology Development

  In addition to these, I am proposing a series of brief projects to demonstrate "proof of concept", which if successful would be recommended for more extensive funding in the future:

  - MeOH catalyst
  - TFR antenna
  - Long life power source (Safe low energy nuclear power source to replace batteries in certain applications - 20 yrs.)
  - Molecular separation media
  - Gas-atomized ceramic powders

- Gas-atomized intermetallic powders
- Compact NMR instrument for process control

4. **What has been the effect of the Center for Advanced Technology Development on economic development potential in Iowa?**

I believe that CATD has had a significant impact on economic development potential in Iowa. As I have mentioned, seven businesses are already in some phase of starting up. My own estimates and those of our market consultants indicate that each will have a sales potential ranging from $10 million to $500 million per year within 10 years of startup. In addition, there are also six other new technologies in an even earlier stage of development, which will be commercialized in the 1992-1993 timeframe. Considering that Ames Laboratory and the University continue to be an outstanding source of new technology, there is no end in sight in regard to economic development opportunities.

5. **Why have the technologies not been developed from the Ames Laboratory research in the past?**

Actually, some new businesses have been developed from Ames Lab research, the most notable example of which is the Terfenol magretostrictive material that was licensed to Edge Technologies, Inc. in 1987. However, the examples are very few. The reason why examples are very limited is that funding for the necessary intermediate technical development which could lead to commercialization has not been available, and nor has the bridging methodology for taking the technology from the laboratory into the marketplace. This was all changed with the beginning of the New Industrial Materials Program.

6. **Can you explain the background behind the birth of Ames Specialty Metals, Inc.?**

I would like to mention at the beginning that the Ames Laboratory is the world authority on process technology involving rare earth metallurgy. In 1985-1987 Ames Laboratory invented and patented a unique process utilizing a Thermite metallurgical reaction in which an iron alloy is formed with neodymium with no need for external heat energy. The process is therefore very energy efficient and requires a low capital investment.

With funds provided by the New Industrial Materials Program, the process was subsequently scaled up in a remote pilot plant. Its economic attractiveness versus competitive process was confirmed and it was demonstrated that the material could be produced reproducibly in large quantities. Through the assistance of Arthur D. Little, Inc. and other consultants, we determined the size and growth rate of the market and the industry structure worldwide. We then worked with Edge Technologies to develop financial models for the company. CATD personnel accompanied Edge Technologies senior management in visits to potential end user customers to establish sales projections.

The Edge Technologies board of directors agreed to license the technology and start up its Ames Specialty Metals division in the summer of 1989. The University thereupon declared the pilot plant to be part of ISU's Research Park and agreed to lease plant and equipment to Edge for two years for the purpose of initial production. The business started up in November 1989.

7. **Dr. Gaertner, so far, all of the funding for the Center for Advanced Technology Development has come from the tax payers as an appropriation. Why have you not solicited any industry support for the Center? Would industry support be beneficial to the Center?**

Industry as a whole is risk adverse. When we begin working on a project, not enough is generally known about the technology or its business potential to induce a company to make an investment in its development. This lack of a development bridge between university research and its industrial commercialization is exactly the reason why technology transfer has met with very limited success in the past.

In regions of the country where there is a limited diversity of industry, such as in the state of Iowa, we would anticipate that very few out-of-state companies would want to invest in technology for the purpose of regional development. We believe that long range regional development will be best accomplished through the exploitation and retention of the region's own intellectual resources.

Nonetheless, in the future I do intend to solicit industry support in the case of certain projects where we will require an industrial partner for the final technical development. Examples of these projects are:

- Petroleum hydrodesulfurization catalyst project
- On-line IR spectrometer project (TIRES)

THURSDAY, MARCH 29, 1990.

NATIONAL INSTITUTE FOR STANDARDS AND TECHNOLOGY

WITNESS

PETER SOLMSSEN, PRESIDENT, THE UNIVERSITY OF THE ARTS

Mr. SMITH. Mr. Solmssen from the University of the Arts, please go ahead with your statement.

Mr. SOLMSSEN. Mr. Chairman, thank you very much for this opportunity to appear before you.

I don't need to tell the Committee about the problems that the United States has in global competition—your previous witness also referred to it. A very important contributing factor in the creation of that $500 billion trade deficit has been the failure of many American industries to produce well-designed products with which to compete in that global marketplace. Japanese and European products are perceived by many people to be superior to competitive American products, and they have as a result experienced dramatic sales advantages.

American industry has sometimes lagged behind its Japanese and European counterparts in two important areas. One is translating technological advances into innovative competitive products. Sometimes that technology, in fact, comes from us, but it is applied better by them, as is the important aspects of linking design and production processes through advanced technologies to raise the quality of the product and to reduce the production costs.

It is in those two key areas, developing new applications for advanced technology and educating designers to integrate that technology effectively in the design and production processes, that the University of the Arts, through its Center for Advanced Design and Communication Arts Technologies, can promote higher standards of product design, quality, and economy, and thereby improve America's position.

We cooperate very closely at the University of the Arts with industry in developing these products and their designs. I have brought with me one example of the kind of thing that we are doing. Industry comes to us and asks students to work on design projects, usually very innovative, creative things, and the designers are just not quite imaginative enough. This example here—called "Hal"—is a device which helps people program VCR's. Most people in this country now have VCR's, and most of them don't have any idea how to program it to record shows off the air. This gadget does two things. It talks them through the process, and it also allows you to program your VCR by telephone from your office. So if you were to give a media interview and you are already at the office and you would like to tape it at home, you could call your house and tell this gadget to turn on the VCR and tape that interview.

Mr. SMITH. Is that on the market now?

Mr. SOLMSSEN. That is on the market now. It was designed by a sophomore, which I found interesting.

We also have a cooperative project with many other companies, including a company which has asked us to design a robot to clean bathrooms. And I understand that the U.S. Post Office has an RFP out for robots to clean thousands of bathrooms, so it is a product that I think we will find a very natural market for.

We feel that the University of the Arts in Philadelphia is uniquely prepared to support this multidisciplinary effort, the application of advanced technologies in industrial design—product, exhibit and packaging design as well, so that the communication arts—print, graphics, photography, film, animation, video and sound—can all be integrated together. To a large extent, those disciplines use similar advanced technologies, and, therefore, they can be integrated in this one facility.

The university's location in Philadelphia, a major economic center, will enable it to expand on its current efforts to foster these productive relationships with industry. For example, we have a program now in cooperation with 400 printing firms in our region to retrain their employees in the new electronic technologies that are revolutionizing the printing industry. They have given us the equipment, and we use it for our own students in the daytime so that they become educated designers in how the world is progressing in the technological side. And then in the evening, we bring in the employees who are already working in that industry to be retrained on the modern equipment.

The University of the Arts will obtain the majority of funds for the center through contribution from the university itself, industry, and the State of Pennsylvania. We are seeking Federal funding of $6 million for fiscal year 1990 through the Department of Commerce's National Institute of Standards and Technology in coordination with the institute's current programs for manufacturing and advanced technology. I believe that the design component of enhanced American competitiveness, which is not currently being addressed, is vital to reducing the steadily increasing decline in the United States competitive position.

Also, in other areas we are working on new methods of communication, such as interactive video, which I believe will be vitally important in education and training in manufacturing in the future, and computer graphics as well.

[The prepared statement of Mr. Solmssen follows:]

TESTIMONY OF

PETER SOLMSSEN
PRESIDENT
UNIVERSITY OF THE ARTS

PRESENTED TO

THE SUBCOMMITTEE ON COMMERCE, JUSTICE, AND STATE,
THE JUDICIARY AND RELATED AGENCIES
OF THE HOUSE APPROPRIATIONS COMMITTEE

REGARDING

THE CENTER FOR ADVANCED DESIGN
AND
COMMUNICATION ARTS TECHNOLOGIES

MARCH 29, 1990

Chairman Smith and distinguished Members of the Subcommittee, I am very grateful to have the opportunity to address you today. I want to thank you for your time and your interest in the Center for Advanced Design and Communication Arts Technologies which we are in the process of developing at the University of the Arts in Philadelphia, Pennsylvania.

As you all know, the United States has experienced a severe decline in its competitive position in the global economy. From 1983 to 1987, the cumulative trade deficit exceeded $500 billion. One very important contributing factor in the creation of this deficit has been the failure of many American industries to produce well-designed products with which to compete in the global market place. Japanese and European products -- perceived as superior to American products -- have experienced dramatic sales increases over the last decade. America has fallen behind Japan and several of its European allies in annual growth in manufacturing productivity, in the amount invested in automation and high technology manufacturing, and in the percentage of products free from quality defects. As a result, from 1978 to 1982, U.S. manufacturing output dropped by approximately 7% while Japanese output grew by approximately 26%.

American industry has lagged behind its Japanese and European counterparts in at least two areas. Those are: (1) translating technological advances into innovative, competitive products; and, (2) linking design and production processes through advanced technologies to raise product quality and reduce production costs.

Advances in technology alone do not assure an advantage in the marketplace. The development of innovative applications for technology has carried Japan and Europe ahead of the U.S.. Futhermore, as Japan has demonstrated, successful application of advanced technology to overall design and production processes, as well as to specific products, requires educating designers to work effectively in industry with scientists, engineers, programmers, researchers, and managers.

It is in these two key areas -- developing new applications for advanced technology, and educating designers to integrate technology effectively in design and production processes -- that the University of the Arts, through its Center for Advanced Design and Communications Arts Technologies, can promote higher standards of product design quality, and thereby improve American industry's competitive stance.

The University of the Arts is an especially appropriate setting for such a Center. For more than a century the University has been prominent in the education of designers and artists. Its prestigious programs and faculty in the design fields have been accorded national and international recognition. The University's longstanding tradition of cooperation with industry and the design professions on sponsored projects reflects a continuing commitment to promoting design excellence. The University is uniquely prepared to support multidisciplinary applications of advanced technologies in industrial design -- product, exhibit and packaging design, and the communication arts -- print, graphics, photography, film, animation, video, and sound. These disciplines have in common the ability to increase a product's market share through the quality of product design -- either through the quality of a specific product, or the quality of its presentation to the public in advertising, exhibition, and packaging. To a large extent, these disciplines use the same advanced technologies applications to accomplish this end. Thus, the creation of a center spanning both design and the communication arts will encourage cooperative development of new uses of advanced technologies to improve the competitive position of American industry.

The University of the Arts location in the nation's fifth largest city and the Center of the East Coast megalopolis will enable the Center to expand on current efforts by the University to foster productive partnerships between the University, regional industries, and leading researchers in advanced design and communication arts technologies, resulting in innovative applications to products in these fields. The University is also in an excellent position to transmit the results of these partnerships nationwide to industry and practicing professionals in the fields.

The University of the Arts will obtain the majority of funds for the Center for Advanced Design and Communication Arts Technologies through contribution by the University, industry and the State of Pennsylvania. We are seeking federal funding of $6,000,000 for Fiscal Year 1991, through the Department of Commerce's National Institute of Standards and Technology in coordination with the Institute's current programs for manufacturing and advanced technology. I believe that the design component of enhanced American competitiveness, which is not currently being addressed, is vital to reducing the steadily increasing decline in the United States competitive position.

Thank you, Mr. Chairman and Members of this Subcommittee for your valuable time and continued interest in this important issue.

Mr. SMITH. What is your total budget? You said $6 million was the requested Federal contribution, what is the total?

Mr. SOLMSSEN. The total project is $25 million.

Mr. SMITH. And where will the balance of the money come from?

Mr. SOLMSSEN. From contributions from the university of the space, and State support that we are seeking, and then industrial support.

Mr. SMITH. Okay. Thank you for appearing before us today.

Mr. SOLMSSEN. Thank you.

Mr. SMITH. At this point in the record we will insert additional testimony regarding NIST that has been submitted for the record.

[The information follows:]

For Release on
Delivery
Expected at
10:50 a.m. EDT
Thursday
March 29, 1990

Request for An Added $2,500,000 for the FY 1991 Appropriations for the Computer Security Program of The National Institute of Standards and Technology

Statement of
The Honorable Dan Glickman
Member of Congress

Before the
Subcommittee on Commerce, Justice
State, and Judiciary
Committee on Appropriations
U.S. House of Representatives

Thank you very much, Mr. Chairman. I appreciate the opportunity to offer my comments on the FY 1991 appropriations for the computer security program at the National Institute of Standards and Technology. This program is essential to the interests of the United States and is in compliance with the Computer Security Act of 1987.

As sponsor of the Computer Security Act of 1987, I appreciate the efforts of the Committee in making the Act a reality. I also wish to express my gratitude to you for reconsidering the FY 1991 appropriations for this critical program.

The bill, as orginally introduced and subsequently expanded by the House Committee on Government Operations, was intended to achieve one overall goal -- to improve the security and privacy of the vast array of unclassified information in federal computer and communications systems. Since enactment of the Act, we have also realized that the required computer and network security standards have an important economic impact. For example, international computer and network security standards determine the marketability of secure computer and network products offered by U.S. based multinational companies.

I urge you to include an added $2,500,000 for vital additions to the computer security program of the National Institute of Standards and Technology in your reported version of the FY 1991 Appropriations Act for the Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies.

As you may be aware, the Computer Security Act of 1987 (P.L. 100--235) added major new responsibilities to the National Institute of Standards and Technology concerning the security of United States Government unclassified sensitive systems in the civilian agencies and the Department of Defense.

Unfortunately, the Administration's requested increase for FY 1990 of $3,500,000 for this security program was not appropriated. As a result, we are falling behind in successful implementation of the Act in important programs, such as developing federal computer and network security standards to assist in reducing the risk of security breaches and failures in major unclassified sensitive systems in the Government.

I am also concerned that the National Institute of Standards and Technology has insufficient funding to adequately represent United States interests in an important economic area -- the harmonization of international computer and network security standards. For example, NIST has not had sufficient funding to adequately influence and utilize European recommendations for computer and network security standards. As a result, we face the costly possibility of U.S. based multinational computer and network companies being required to build two secure product lines -- one to meet U.S. security standards and one to meet European security standards.

Billions of dollars have been and are being lost due to computer-related fraud, waste and abuse and the inadequacy of federal administrative software, and hardware standards. Recently, the General Accounting Office has reported about security risks we face in our country and internationally. For example, we are at risk 1) from attack by viruses (GAO/IMTEC-89-57), 2) from attack in the U.S. financial markets (GAO/IMTEC-90-15), and 3) from attack to the computer networks that process over 1 trillion dollars daily in U.S. and international wholesale electronic funds transfers (GAO/IMTEC--90-14).

The integrity of the civilian banking system, the air traffic control system, the social security system, and federal grants and contracts program handling hundreds of billions of dollars every year all depend on proper security standards and training for these systems and the people who operate them. The Congress selected NIST to set up guidelines and programs for agencies to achieve the appropriate level of security because of its years of experience in working with industry in establishing security standards.

I am requesting an additional $2,500,000 for FY 1991 to properly fund the development of a more secure federal computer environment, as presented in the Administration's current budget. This investment will be repaid hundreds of times over when better computer security is in place across the Government. The only other agency with the expertise and resources to begin this program is the National Security Agency. However, the major purpose of the Computer Security Act was to limit this agency's involvement in civilian computer security because Congress felt that it was inappropriate for a super-secret military organization to be controlling and directing unclassified activities. Recently, the Washington Post reported on the activities of the National Security Agency in restricting the publication of unclassified information (Monday, March 19, 1990).

I hope that you can find a way to increase the National Institute of Standards and Technology's appropriation for FY 1991 by $2,500,000, since so much is riding on successful implementation of this crucial program.

This concludes my prepared statement and I would be pleased to answer your questions.

TERA

Statement for the Record

Submitted to the House Committee on Appropriations

Subcommittee on Commerce, Justice, State and Judiciary

Hearings on the Fiscal Year 1991 Budget
April 4, 1990

TERA COMPUTER COMPANY 400 NORTH 34TH STREET, SUITE 300, SEATTLE, WA 98103 206/545-9405

Mr. Chairman and Members of the Committee, thank you for permitting me this opportunity to submit my remarks for the record on these proceedings on the subject of the fiscal year 1991 budget. The purpose of my testimony is to urge this committee's support for the High Performance Computing Initiative, presently pending before the Senate and the House, and to request that appropriations be made this year to the Department of Commerce to enable it to begin the initial phases of this very important program.

My name is James E. Rottsolk and I am President and CEO of Tera Computer Company located in Seattle, Washington. Tera, one of the rare start-up supercomputer companies, was founded in 1987. Our research is dedicated to the development of the next generation's supercomputer. Our first product will be capable of performing up to 300 gigaflops per second, more than 100 times faster than today's fastest computer. Our current research and development production schedule anticipates completion of a prototype machine by 1992 and delivery of our first Tera machine by 1993.

This production schedule is contingent on our ability to maintain federal financial support. In fact, the very success or failure of our company, as well as that of other companies in our field, depends upon continued government support for high-performance computing research and development activities. Private dollars to support research and development in this high technology field are not abundant and those that are available must be leveraged by federal dollars. Given the fact that the U.S. government is the market for the newest and fastest supercomputers, support of this fragile industry with federal research funds and commitments to early purchases of new systems is wholly justified.

Mr. Chairman, you are most likely aware of the High Performance Computer Initiative. This Initiative to support high speed computer development and to strengthen the roots of this industry against foreign competition, is a joint initiative by the Office of Science and Technology Policy and the Congress and is the culmination of ten years of multi-agency study. The National High Performance Computing Technology Act is currently pending before the Senate and the House. It is our every hope that this bill be passed and its various programs implemented before the end of this Congress.

The Federal High Performance Computing Program has the best potential to strengthen our national competitive position both directly in high speed computing and indirectly in the new research, product development and manufacturing that are made possible by these fast computers. The Plan is a comprehensive and interdisciplinary program for federal action that will involve the participation of the National Science Foundation, Department of Commerce (NIST, NOAA, and NTIA), NASA, Department of Defense, Department of Health and Human Services (NIH) and other federal agencies as appropriate. I will address the remainder of my remarks to the importance of supercomputing capabilities to the Department of Commerce mission.

The Department of Commerce authorization, re-written this year as the American Technology Preeminence Act of 1990, symbolizes the degree of commitment necessary to strengthening and restoring America's technological superiority. Supercomputer development and access to supercomputer capabilities is especially critical to maintaining America's technological preeminence. The Act authorizes Department of Commerce activities and recommends funding of $100 million for the Advanced Technology Program.

Supercomputers are vital to the missions of the Department of Commerce, especially at the National Oceanic & Atmospheric Administration. Supercomputers will enable scientists at NOAA to observe, collect, analyze and disseminate data about the earth, oceans, atmosphere and space environment. Complex problems such as global climate change (global warming, ozone depletion, drought), changes that occur over decades and centuries, can be studied by using supercomputers, to simulate these events. Supercomputers are required as research tools to study our oceans (circulation, ecosystem and seasonal sea ice) as well. The need for supercomputer power to simulate space is well known.

Without continued U.S. advances in high speed computing, few solutions to grand challenges will be found. Without these solutions, continued scientific (and, consequently, economic) advancement will be hindered. Without a strong domestic supercomputer industry, these projects will fail to meet their objectives, or will be dependent on foreign manufacturers to do so. Such a failure is not necessary if timely federal support of supercomputer research and development is available.

Mr. Chairman, I realize that legislation to authorize the National High Performance Computing Program is pending and is not yet law. However, I believe it is incumbent upon the leadership of this committee to waste no time and to move forward with the appropriation of monies as authorized for fiscal year 1991. The American supercomputer industry stands on fragile ground. We have already witnessed the closing of one supercomputer company and the schism of another.

General purpose supercomputer manufacturers now consist of four companies: Cray Research Incorporated, Cray Computer Company, Supercomputer Systems, Incorporated, and Tera Computer Company. Time is short and the cost of a national failure in supercomputing is very high.

I hope that we can rely on your continued leadership in this field and on your continued dedication to maintaining the superiority of America's research capabilities. I thank you for your kind attention to my remarks and am happy to answer any questions you may have regarding this testimony or any other points that may be of interest to you and your committee.

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STATEMENT TO THE
APPROPRIATIONS COMMITTEE
SUBCOMMITTEE ON COMMERCE, JUSTICE, AND STATE,
THE JUDICIARY AND RELATED AGENCIES
U.S. HOUSE OF REPRESENTATIVES

ON THE

FY 1991 BUDGET FOR
THE NATIONAL INSTITUTE OF STANDARDS AND TECHNOLOGY

SUBMITTED BY

ENGINEERING R&D POLICY COMMITTEE
INSTITUTE OF ELECTRICAL AND ELECTRONICS ENGINEERS -
UNITED STATES ACTIVITIES (IEEE-USA)

MARCH 29, 1990

IEEE-USA, 1828 L Street, N.W. Suite 1202, Washington, DC 20036-5104
The Institute of Electrical and Electronics Engineers, Inc.

STATEMENT OF THE IEEE-USA ENGINEERING R&D POLICY COMMITTEE ON THE FY 1991 BUDGET FOR THE NATIONAL INSTITUTE OF STANDARDS AND TECHNOLOGY

prepared for the

House Appropriations Committee
Subcommittee on Commerce, Justice, and State, the
Judiciary and Related Agencies

Technology and its growth and application are particular interests of the Institute of Electrical and Electronics Engineers - United States Activities (IEEE-USA). We are the largest technical professional society in the world, and have a quarter million members in the United States who are engaged in advancing the frontiers of knowledge and supporting the public with a broad and growing range of electrotechnologies. This gives IEEE-USA a special interest in U.S. government programs which support the advance of technology and the nation's competitive position. We are therefore eager to address the elements of the proposed National Institute of Standards and Technology (NIST) budget that affect electrical and computer engineering science and technology, and to provide our perspective on the role of the Department of Commerce in fostering development of technology for the nation, thereby enhancing its global competitive position.

There can be no doubt that NIST fills an essential role in supporting the Nation's science and technology base. As the unbiased arbiter of the many issues which the technical community faces relating to measurement, it performs a key function of government for the country. Moreover, this is an ever-growing role, as the variety and complexity of measurement expands with the growing wave of modern technological society. A sound national and international system of measurement is vital to research and development, productivity growth, assurance of quality, and a health posture for international trade. The basic and applied research performed by NIST in support of measurement is absolutely vital in these areas.

Unfortunately the NIST budget has not been adequate in recent years to deal with this vital mission. As the Bureau of Standards it was historically underfunded to execute its basic role, and burdened with additional tasks inspired by the high technical quality of its people and facilities. Each new project brought a small increment of funds, with a promise of out year increases; in reality, the increases often failed to materialize, and the Bureau was left with an expanded mission and insufficient resources. Three years ago we called for steps to increase the budget of the then existing NBS to $200 million over three to five years. We are happy to see that the President's Budget for FY91 approaches that level.

We note with alarm, however, that the initiation of the Advanced Technology Program (ATP) has resulted in a major expansion to the mission of NIST, which again has not been accompanied by an adequate funding increase. The IEEE-USA supports the ATP's goal of encouraging cooperative efforts between industry, universities, and government in technology development. Given adequate resources, ATP could play a vital national role in promoting technology. However, ATP should not be allowed to drain off resources essential for NIST's critical standards role.

There can be little doubt why the international competitive position of the United States continues to decline when the Federal government does not adequately support its own standards role which, under the law, can belong to no other organization. This synergistic role is absolutely vital, although it will cost only a tiny fraction of the amount invested by industry, and a tiny fraction of the overall Federal Budget. We estimate that an FY91 appropriated budget of over $250 million per year would be necessary to sustain previous missions and give the ATP a good start.

On the positive side, we note with pleasure the confirmation of Dr. John Lyons as Director of NIST. Dr. Lyons has earned the respect of the national technical community, and we are looking forward to positive results under his leadership. We hope to see a similarly strong indivdual confirmed as Undersecretary for Technology in the Commerce Department very soon; the country needs strong leadership in both of these positions to keep U.S. industry strong and competitive.

COMPUTER SCIENCE AND TECHNOLOGY PROGRAMS

In recent years we have repeatedly pointed out the criticality of the computer industry in the U.S., the competitive challenges it faces from abroad, and the need for a healthy standards program to support it. In this regard we are pleased to see that the President's budget includes increases in funding for the National Computer Systems Laboratory (NCSL). However, given that a proposed increase of $3.5 million in FY90 for the Computer Security program was redirected to the ATP, we believe the FY91 budget should provide at least $3.5 million, an increase of $1 million over the Administration's request, to support a healthy program in that area.

We have been tracking the fledgling NIST Computer Security program and are encouraged by the results obtained to date on very limited funding. The NIST efforts have built on prior work at the National Security Agency in a positive way, and have begun to make information available to Federal computer managers which should ultimately result in badly needed improvements to computer security. But we must emphasize once again that an effective program in computer security will cost several times the amount proposed for the FY91 increase.

We are particularly pleased to see the proposed increase of $1 million for Integrated Services Digital Network (ISDN) standards. Last year we pointed out in testimony that tremendous opportunities lie in this area, both for saving the government money and improving U.S. competitiveness. We believe that U.S. industry will match this investment many times over, given appropriate leadership from the government. In this market hundreds of billions of dollars are spent annually, yet the standards process is dominated by the Europeans because NIST has not been funded in this area and since AT&T is no longer able to play a central role in the standards process. The potential benefits of such standards in reduced cost and increased effectivenss of information technologies, both to the government and to the country as a whole, can be expected to dwarf the $1 million ISDN expenditure. Following this same logic we would again emphasize the need to match this amount with expanded funding in the companion area of Open Systems Interconnection (OSI) networking standards.

MEASUREMENT SCIENCE AND PRECISION MEASUREMENT STANDARDS

Year after year we have voiced our concern with the failure of the Federal government and industry to keep pace with the growing need for precision measurements of assured accuracy and authenticity. Such measurements are needed to retain a competitive role in the U.S. marketplace where more than $160 billion per year is spent on measurements in the alone. Precision measurements are also essential to introduction of technology as a force mutiplier in our military. Certainly this year's increased budget is a good start toward mending the years of neglect in research, development, and dissemination of adequately precise and accurate measurement, measurement standards, and methods of measurement. But several more years of similar increases will be needed to close the gap which has developed in the last decade.

We are gratified to note that Lightwave Measurement, Advanced Semiconductors, and High Temperature Superconductors have prominent places among the new initiatives of the National Engineering Laboratory. These worthy efforts are critical for technology growth in the electrical, electronics and computer industries. However, we feel compelled to point out that the initiative we had expected to see in millimeterwave and microwave standards is absent from the President's budget. For the past several years we have been calling attention to a critical need in this area. The situation has become so serious that one of IEEE's technical societies created a committee known as Promote National Microwave Standards (PNMS) to focus attention on what we preceive as a growing crisis. Their report contained statements such as:

> "NBS efforts in microwave and millimeterwave calibration standards have declined by a factor of two over the past 15 years while the U.S. microwave and millimeterwave industry has doubled"

and that:

> "...it is the conclusion of the PNMS Committee that the present status must be changed dramatically. Otherwise the NBS capabilities in microwave calibration standards will continue to decline relative to the needs of U.S. government and industry and fall behind foreign competition. "

The PNMS report cites needs in excess of $38 million over a five year period to attend to some 75 of the most serious deficiencies. We strongly feel that the Congress should provide at least $2 million as initial funding in microwave calibration standards, in addition to the other NIST initiatives.

SUPPORT FOR U.S. PARTICIPATION IN INTERNATIONAL STANDARDS BODIES

Rules of international standards have changed. The development of standards is no longer based on market dominance alone. Technology dominance can now be a decisive factor in favor of one proposed standard over another. The international arena also has become increasingly important with development of the global market place, and EC92 will further accelerate this trend. Standardization has also moved from an evolutionary process of common use and acceptance of long-established practices to one of standardization of essential elements, interfaces, compatibility requirements, and configuration controls which are employed even before products are completely developed. That is, standardization has gone from a bottom-up process to a top-down process.

With the decrease in U.S. manufacturing in many vital areas of our economy, and in some cases with unavailability of U.S. manufactured equipment (as in many areas of power equipment and consumer electronics), there is a danger that the needs of U.S. industry will not be recognized by international standards groups. U.S. participation is based on voluntary, ad-hoc processes where industry foots the bill if the market place demands it. Time and travel expense of technical experts are often too great for individual companies to afford. Other countries have systems whereby their governments provide financial assistance for such activities through trade organizations.

The Congress should appropriate funds to be administered through NIST to various organizations such as ANSI and IEEE for an effective and broad participation in standards processes of ISO, IEC, and other international bodies. Such an approach is now essential in responding to the growing demands of international standards activities and ensuring the effectiveness of U.S. participation. We would suggest initial funding of $2 million in FY91 for participation of national standards bodies in the international standards process.

GOVERNMENT ORGANIZATION FOR COMMERCIAL TECHNOLOGY DEVELOPMENT

Over the past several years, the IEEE-USA has promoted proposals for an increased Federal government emphasis on commerical technology, which we believe is needed to remedy the nation's increasingly critical position with regard to technological competitiveness. In a new IEEE-USA position statement, which is appended to this testimony, we call even more strongly for focused Federal efforts in technology.

The creation of NIST from NBS and establishment of an Undersecretary of Commerce for Technology were welcome steps in this direction. We strongly support strengthening the role of the President's Science Advisor and the Office of Science and Technology Policy (OSTP), and we urge further Congressional action to affirm the role of the Department of Commerce to provide a cabinet-level voice for technology.

Beyond adequate support of the Science Advisior, OSTP and NIST, new government capabilities for action in the arena of commercial technology are needed. Our considered conclusion is that an enirely new National Technology Agency (NTA) is needed to support advanced technology research and development projects focused on the commercial marketplace. Lack of such an agency in the U.S. is giving an advantage to our international competitors. We view this agency as a civilian

We envision this proposed NTA as a civilian version of the Defense Advanced Research Projects Agency. Such an agency could develop out of NIST's Advanced Technology Program (ATP), but in our view it would be better for the NTA to be a part of the Commerce Department, distinctly separate from NIST, in order to avoid contention for resources. We strongly urge the Congress to create a National Technology Agency within the Commerce Department as soon as possible. In the meanwhile the ATP should be supported with an increase in funding to at least $20 million in FY91 over and above the requested increases provided for other NIST initiatives.

The IEEE's U.S. members stand ready to help in keeping this country's position of leadership in technology. We are pleased to have been able to share our views on the National Institute of Standards and Technology and the importance of a new National Technology Agency with you, and would be happy to assist in any other way we can.

ENTITY
POSITION
STATEMENT

FEDERAL GOVERNMENT SUPPORT FOR TECHNOLOGICAL COMPETITIVENESS

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This statement updates and supersedes the IEEE-USA position National Technology Foundation of June 1983, and is issued as a companion to the IEEE-USA positions Industrial Competitiveness of May 1986 and U.S. Engineering Research and Development of November 1986. The first of these establishes the critical role of technology in national competitiveness. The second differentiates engineering research, which is the source of technology development, from scientific research. We support scientific research strongly; however, science is not addressed here. Technology is the critical issue.

RECOMMENDATIONS: To regain the United States' position as a strong world leader in technology, and to strengthen the U.S. position in technological competitiveness internationally, the IEEE-USA recommends that:

- The Executive Branch provide a voice for technology at the cabinet level.
- The Congress provide adequate funding for the standards mission of the National Institute of Standards and Technology, give the Department of Commerce further responsibilities by establishing a National Technology Agency within the Department, and provide adequate resources to discharge the augmented responsibilities; and
- The role of the Office of Science and Technology Policy be strengthened, and the President's Science Advisor be elevated to have a voice and influence equal to that of the National Security Advisor.

United States Activities Board
Approving Entity

August 16, 1989
Date

DISCUSSION:

A Cabinet-Level Voice for Technology. Although technological leadership must rest primarily with the private sector, government policies and actions have a strong influence on either promoting or deterring it. The United States needs a rational, integrated national policy on technology, designed to achieve and maintain technological leadership to enhance U.S. industrial competitiveness in global markets. Our international competitors are drawing ahead of us, in part because their governments promote technology development more effectively. The U.S. needs effective policies which embrace technology research and development, trade, education and training, and the economics of capital formation. Government funding of high-risk research and development, including work performed in Federal laboratories, must be coordinated to complement investments in the private sector. Responsibility for promoting technology currently is distributed among too many different agencies to be effective in improving competitiveness and enhancing our trading position. The relevant agencies are simply too fragmented and uncoordinated to establish and implement such a policy.

Competitiveness requires not only development of leading-edge technologies, but sucessful commercialization, which implies an environment in which products can successfully compete in international trade. Thus, policies for technology and trade must be coordinated closely. Further, since industrial competitiveness and our trade balance are such critical issues in the national agenda, and since it is now understood that industrial competitiveness depends strongly on deployable, new technologies, these issues need to be managed at top policy levels to get the attention that U.S. national trade interests require.

Augmented Technology Resources. The recent establishment of the National Institute of Standards and Technology (NIST) and an Undersecretary for Technology within the Department of Commerce are positive steps. We are concerned, however, that using the National Bureau of Standards (NBS) as the base for NIST will result in a further loss of focus on its standards mission which is an essential base for technology and trade. We note that in recent years the NBS has been provided inadequate resources for its standards mission, and that when it assumed the larger NIST mission its budget was not increased. Science, engineering, and technology activities unrelated to standards should be extracted from the standards Institute and provided with adequate funding. Conversely, information standards, now partially addressed by the NIST's Institute of Computer Science and Technology, and by the National Telecommunications and Information Agency elsewhere in the Department of Commerce, have received too little attention and should be provided greater resources as part of the standards mission.

A National Technology Agency (NTA) should be established to strengthen support for U.S. technology. The NTA should be similar to the Defense Advanced Research Projects Agency (DARPA) but focused on the civilian sector and market-oriented. Functions of this agency should include:

- Research grants to technology research and development activities;
- Technology research "seed" contracts with industry, and
- Promoting cooperative industry/university activities in technology research and development, including manufacturing and process research and development.

Elevating Technology in the President's Councils. The President needs a top-level staff organization to provide guidance on matters of science and technology policy. Technology affects every aspect of our national existence and every part of our government in fundamental ways. Technology is closely coupled with national competitiveness, an overwhelming economic concern to the United States today. Thus, in many ways like national security, technology is a broad and cross-cutting concern of our country. It is therefore critical to strengthen the voice and influence of technology on the President's staff and in his councils. We strongly support the President's announced intent to do this, and urge that early action be taken to make these changes a permanent part of the Government's structure.

CONCLUSION: The United States faces greater economic challenges today than ever before. Technology has an unquestionable role in meeting these challenges, at a time when international competitors are overtaking our erstwhile technological leadership. The present organization of the Federal government needs major restructuring to provide a clear and strong focus on technology, and to sustain U.S. technological leadership in an increasingly competitive world.

The American Society of
Mechanical Engineers

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Statement on the

National Institute of Standards and Technology
FY 1991 Budget Request

by the

ASME/NIST Interaction Committee

of the

Council on Engineering

of the

American Society of Mechanical Engineers

Submitted to

Subcommittee on Commerce, Justice, and State,
the Judiciary and Related Agencies

Committee on Appropriations

United States House of Representatives

March 29, 1990

The ASME/NIST Interaction Committee, of the American Society of Mechanical Engineers (ASME), appreciates the opportunity to present our views through this written statement to the House Subcommittee on Commerce, Justice, and State, the Judiciary and Related Agencies regarding the Bush Administration's FY 1991 budget request for the National Institute of Standards and Technology (NIST).

Founded in 1880, ASME's membership of 119,000 engineers, which includes 19,000 students, practices many applications of engineering. As a result, we have a strong and continuing history of interest in both the immediate and long term direction of the National Institute of Standards and Technology (NIST) and have an established ASME/NIST Interaction Committee to coordinate the Society's activities in this area. This statement was prepared by the ASME/NIST Interaction Committee and represents the consensus of this group rather than an official position of ASME.

We wish to note that NIST has recently released an updated report which outlines several areas of interactions between NIST and ASME. A copy of this report is attached and we request that it be included with our statement in the record of this hearing.

As the nation's primary research laboratory tasked with developing certain measurement and quality control standards, NIST plays an important role in promoting technology transfer and utilization. In particular we refer to NIST's continuing technical programs and those programs related to emerging technologies, as well as new NIST activities such as the manufacturing technology centers and the advanced technology program.

We hope these efforts, through both on-going and recently-initiated programs, will be continued and strengthened. However, we want to emphasize that new programs should be funded on their own merits, not at the expense of existing core programs.

Overall we are quite pleased with the FY 1991 budget request of $198.4 million, a $36.5 million increase over the FY 1990 appropriation of $161.9 million. This represents the largest single increase in funding since the agency's inception, an increase which we believe has been long overdue. Congress needs to insure that these resources are made available to NIST if we are to utilize the unique resources of NIST to more strongly support U.S. industrial competitiveness.

This statement focuses on selected programs slated for substantial funding increases or decreases under the FY 1991 budget proposal. Please do not interpret this to mean that the areas we do not address are not important.

We are concerned with the $2.5 million proposed cut in the Regional Manufacturing Technology Centers program. This program has provided grants to universities and non-profit organizations that have established manufacturing technology centers to benefit small and medium-sized businesses. These centers have done a great service by providing for the technology transfer of new standardized manufacturing techniques to small companies.

Another major area of concern is with the termination of funding for the study of alternative refrigerants within the building research program. The proposed cut of $250,000 comes at a time when we are faced with an urgent need to replace the currently used refrigerants which damage the stratospheric ozone layer. We believe that this program should be continued.

We support the proposed increases for the Advanced Semiconductor and High Temperature Superconductor programs. The Advanced Semiconductor program has been targeted to receive increased funding of $3.9 million to develop measurement support for the semiconductor industry. Since integrated circuits will soon have features with dimensions of less than a micrometer, new measurements will be needed to characterize the new processes for making such small structures.

The High Temperature Superconductor program has been earmarked to receive increased funding of $1.9 million. With the development of products which will utilize new superconductor technology it will be necessary for NIST to expand its research within the area of measurement support in order to make these products readily available for U.S. industry.

In the area of standards and information for quality improvement, we endorse the proposed budget increase of $2.3 million in the Bioprocessing Engineering program. This funding is vital to further the research in advanced engineering procedures required to move innovations in biotechnology from the laboratory into the hands of industry. The sooner U.S. companies have the benefit of this technology the sooner they can compete within the global marketplace.

We are in favor of increased funding in the area of information technologies. The Lightwave Measurement Technology Program has been scheduled to receive a proposed increase of $5.5 million. This increase will support the development of standardized measurement methods needed throughout the U.S. optical fiber communications industry to improve its international competitiveness. U.S. manufacturers will use NIST measurement methods to strengthen their R&D programs, to improve productivity and quality control in their manufacturing processes, to gain access to international markets, and to install and maintain sophisticated systems for their customers. NIST has estimated that the economic benefits from its full plan of measurement support will exceed $1 billion in productivity measures alone during the 1990s.

Also in the area of information technologies, we are supportive of the $2.5 million proposed increase in the Computer Security Program. Under the Computer Security Act of 1987, NIST was charged with the responsibility of developing standards and guidelines for non-defense computer security throughout the federal government. This increase in funding is necessary to support the development of NIST research, standards development, and technical assistance programs necessary for the protection of computer and advanced information systems.

In closing, we would like to again go on record as supporting a two-year budget authorization for NIST. This would allow for better long-term planning and eliminate much of the guess work that currently takes place during the yearly authorization process. Long-range planning is critical to meeting many of the technology and competitive challenges that the U.S. faces today. With the advent of the European countries incorporating their markets into a single integrated entity by 1992, U.S. exporters will be facing the problem of dealing with differing national technical standards. This area will have an impact not only in the scope of the standards and measurements work at NIST, but in all of the competitiveness areas which we have outlined in this statement.

Thank you for the opportunity to present these views on the proposed FY 1991 budget for the National Institute of Standards and Technology.

NISTIR 90-4261

REPORT ON INTERACTIONS BETWEEN THE NATIONAL INSTITUTE OF STANDARDS AND TECHNOLOGY AND THE AMERICAN SOCIETY OF MECHANICAL ENGINEERS

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U.S. DEPARTMENT OF COMMERCE
Robert A. Mosbacher, Secretary
Lee Mercer, Deputy Under Secretary
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John W. Lyons, Director

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February 1990

U.S. DEPARTMENT OF COMMERCE
Robert A. Mosbacher, Secretary
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REPORT ON INTERACTIONS BETWEEN THE NATIONAL INSTITUTE OF STANDARDS AND TECHNOLOGY AND THE AMERICAN SOCIETY OF MECHANICAL ENGINEERS

Abstract

This report highlights examples of interactions between the National Institute of Standards and Technology (NIST) and the American Society of Mechanical Engineers (ASME) over the past several years. It is meant to be representative, not all-inclusive. The interactions are organized by discipline in the following categories: Conferences, Committee Memberships and Contribution to Standards, Editors, Publications, Honors and Awards, and Special Activities. The report illustrates many activities which are designed to disseminate NIST's most recent technical advances and to learn of the technical challenges facing engineers in industry.

Requests for information, comments, as well as additions and revisions, are welcome. Please contact:

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Key Words: ASME; computers; heat transfer; mechanical engineering; pressure vessel piping; robotics; solar energy; standards; technology transfer; tribology

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1. INTRODUCTION

In this era of rapid technological change, the National Institute of Standards and Technology (NIST)[1] and the American Society of Mechanical Engineers (ASME) maintain a synergistic relationship that benefits the engineering profession and the Nation. NIST is the Nation's central reference laboratory for physical, chemical, and engineering measurements. In addition, the Omnibus Trade and Competitiveness Act of 1988 expanded NIST's mission to further assist industry in the development of technology and procedures needed to improve quality, modernize manufacturing processes, ensure product reliability, manufacturability, functionality, and cost-effectiveness, and to facilitate the more rapid commercialization of products based on new scientific discoveries. NIST is the only major Federal laboratory with a direct mission to support American industry.

ASME is a nonprofit technical and educational organization with approximately 118,000 members nationwide working in industry, government and academia. The Society has more than 200 local Sections covering all 50 states and 34 technical divisions representing a broad diversity of engineering expertise. The ASME plays an important role in NIST's efforts to fulfill its mission. Technical conferences and publications sponsored by the ASME provide a forum for NIST staff to disseminate their most recent technical advances and in turn to learn of the technical challenges facing engineers in industry. NIST staff contribute to the development of ASME standards as these standards are an effective means of assuring that technical advances are incorporated in industrial practice.

NIST has had extensive interactions with ASME for many years. Peer relationships in many technical areas have led to these interactions which are distributed throughout the NIST organization. Likewise, within ASME many of the committees and technical divisions have been interacting with NIST.

In 1985, ASME formed a Committee to increase interactions between NIST and ASME. ASME recognized the extensive on-going activities underway between the two organizations and stressed that the new Committee's work will not disrupt or interfere with these on-going activities. On the contrary ASME and NIST agreed to use these on-going activities as models to expand the relationship in other areas of mutual interest. In preparation for the first Committee meeting in August 1985, a report was prepared to summarize ASME/NIST interactions. It has been periodically updated.

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[1] The National Bureau of Standards (NBS) became the National Institute of Standards and Technology (NIST) on August 23, 1988, when the President signed the Omnibus Trade and Competitiveness Act. NIST retains all of the NBS functions in addition to new programs that will further encourage improved use of technology by U.S. industry.

In view of this change in the name, the ASME/NBS Interactions Committee has been redesignated as the ASME/NIST Interactions Committee. The abbreviations NBS and NIST are both used in this report depending on the time of the activity being reported.

2. SUMMARY OF ACTIVITIES

This report is meant to be representative, not all-inclusive. It excludes general Society membership.

The NIST/ASME activities are summarized in the following categories:

Conferences
Committee Memberships and Contributions to Standards
ASME Editors
Publications
Honors and Awards
Special Activities

Details of these activities are contained in Appendix A of this report and are organized by the appropriate NIST working unit. A summary of these activities follows.

Conferences

Recently, NIST scientists and engineers have participated as session chairmen, co-chairmen, organizers, and panel members in over 35 ASME conferences, meetings, symposiums, and workshops. For example, they have been very active in many of the Winter and Summer Annual Meetings, the National Heat Transfer Conferences, Computers in Engineering Conferences, and the Solar Energy Division Conferences. In addition, over 100 papers by NIST authors have been presented at ASME conferences and meetings.

Committee Memberships and Contributions to Standards

Over the past few years, NIST scientists and engineers have been active in over 30 ASME committees and subcommittees and hold such positions as chairman and vice-chairman.

As a result of NIST research and coordination with ASME committee members, several significant standards and measurement practices have been adopted. For example, based on major input from the members of the Heat Transfer in Electronic Equipment Committee, as well as industry and academia, the 1987 Book of Semiconductor Equipment and Materials International (SEMI) Standards published the first standardized approach for using a wind-tunnel for forced-air convection testing of microelectronic devices. NIST participation in the Committee on Surface Roughness helped to carry out two major revisions of the surface roughness standard. A standard for the Coordinate Measurement Machine was also developed in the Coordinate Measuring Machine Performance Evaluation Committee in which two NIST engineers are members. Progress in PDES and IGES has also been advanced as the result of ASME and NIST interactions in the Computer Representation of Product Definition Data Committee.

ASME Editors

Dr. John W. Lyons, the Director of NIST's National Engineering Laboratory, is an Editorial Advisor for ASME's *Manufacturing Review*. In addition, other NIST researchers have served as associate editors and engineering reviewers for several ASME journals.

Publications

In addition to the numerous papers published in conference proceedings, the NIST technical staff has contributed more than 30 articles in the following major ASME publications: *Mechanical Engineering*, the *Journal of Computers in Mechanical Engineering*, the *Journal of Engineering for Industry*, the *Journal of Solar Energy*, the *Journal of Heat Transfer*, and ASME NEWS.

Honors

In 1986, ASME recognized Jeffrey Fong as an ASME Fellow. The ASME Council on Engineering honored him with a Distinguished Lectureship in 1988 and he received a Certificate of Appreciation from the Board of Governors in 1987. In 1989, David Didion was named ASME Fellow for recognition in the fields of heat transfer and building refrigeration equipment.

Special Activities

NIST participates in the ASME National Laboratory Technology Transfer Committee with the purpose of promoting technology transfer to the ASME membership.

APPENDIX A

EXAMPLES OF
NIST/ASME INTERACTIONS

NATIONAL ENGINEERING LABORATORY

OFFICE OF THE DIRECTOR

Conferences:

1988 ASME Winter Annual Meeting, Chicago, IL
- o S. Kramer and G. Ehrlich - Met with ASME/NIST Interactions Committee to plan additional cooperative activities.

ASME's Technology Executives Conference, Denver, CO, March 10-12, 1989
- o S. Kramer - Presented an overview of NIST activities, reviewed new assignments by the Trade Act, and discussed ASME role to assist NIST in carrying out its assignments.

Spring National Design Engineering Show, Chicago, IL, April 24-27, 1989
- o NIST set up and staffed exhibit that highlighted its major research activities and technology transfer programs. A short video entitled, "Advanced Technology at the National Engineering Laboratory was featured".

1989 ASME Winter Annual Meeting, San Francisco, CA
- o S. Riggin - Attended two committees to discuss NIST participation in a future manufacturing conference sponsored by ASME and to discuss the status of promotion of technology transfer by DoE national labs and NIST. S. Kramer had discussions with key ASME members to discuss the importance and enhancement of ASME/NIST interactions.

1987 ASME Summer Annual Meeting, Toronto, Canada
- o S. Kramer - Participated in three ASME committee meetings to present an overview of NBS and to explore opportunities for new collaborative efforts.

ASME Committee Memberships:

ASME/NIST Interactions Committee
- o S. Kramer - Organized meetings at NIST.

ASME National Laboratory Technology Transfer Committee
- o S. Kramer - Serves as the NIST representative and attended committee meetings held in Washington, DC on Nov. 6, 1987, and at the MI88 Conference in Atlanta, GA on July 26, 1988. The purpose of these meetings was to discuss how the DoE national labs and NIST can promote technology transfer.

- o Mechanical Engineering, Technology Transfer Issue, Sept. 88. - Jones, A. and Mattson, B. "Tomorrow's Factories Today." This article describes NIST's program in automated manufacturing and its technology transfer.

- NIST staff provided a description of their research in other areas of interest to the National Laboratories for inclusion in the following technology transfer articles: "In Search of New Materials," High Performance Buildings," and "A User's Guide to the National Labs."

ASME Editor:

Manufacturing Review
- John W. Lyons, Editorial Advisor

Other ASME Publications:

- Lyons, John W., "Transferring 'Taxpaper' Technology," ASME NEWS, May 1988.

- Lyons, John W., "Coming Up With New Products that Beat the Odds," Mechanical Engineering, Managing Technology Issue, April 1988.

Special Activities:

ASME Day at NIST, February 17, 1988
- S. Kramer and G. Ehrlich organized this meeting attended by more than 30 ASME members. The one-day meeting included presentations, tours, and discussions covering major technical activities at NIST which are of interest to mechanical engineers. Dr. John W. Lyons, Director, NEL, participated in a question and answer session at the end of the day.

NATIONAL ENGINEERING LABORATORY

CENTER FOR MANUFACTURING ENGINEERING (CME)

Conferences:

March 1990 Manufacturing International (MI 90), Atlanta, GA

- R. Jackson - Topic Leader, "Recent Research Directions in the NIST Manufacturing Engineering Program," and "The Next Step in Integrated Manufacturing: Integrating Information and Decision Making."
- Vorburger, T., "Quality Control of Automated Machining Processes."
- Kilmer, R., "AMRF Composite Fabrication Workstation."
- Weber, S., "Decision Support Software for Automated Manufacturing Investments."
- Ray, S., "Incorporating Standards into Manufacturing System Architectures."
- Mitchell, M., "Evaluating the Usability of PDES Within the Context of NC Programming."
- Saleh, A., (Co-author A. Jones), "Multi-Layer/Multi-Level Control Architecture for Computer Integrated Manufacturing Systems."
- Davis, W., (Univ. of Illinois at Urbana-Champaign), "Decomposition Considerations for Hierarchial Coordination of Real-Time Production Scheduling."

1989 Winter Annual Meeting, San Francisco, CA

- Proctor, F.M., and Murphy, K.N., "Advanced Deburring System Technology."

Summer 1989 International Computers in Engineering Conference and Exposition (July 30 - August 3)

- Boudreaux, J., (Co-authored with Staley, S., of Univ. of Miami), "Representing and Querying Objects in AMPLE."

Spring 1989 Design Conference, Chicago, IL

- T. Kramer - Paper presentation at the CAD/CAM/CAE session.

1988 ASME Winter Annual Meeting, Chicago, IL

- T. Vorberger - Keynote address at Symposium on Quality Issues in Automation.
- Algeo, M.B. and Hopp, T.H., "What is a Tolerance: The Problem of Methods Divergence in Flexible Automation."

September 1988 Workshop on Mechanical Tolerancing

- T. Hopp - Session Co-chair on Inspection Methods and Machines.

August 1988 Computers in Engineering Conference, San Francisco, CA

- Meunier, K., "Iterative Respecification: A Computational Model for Hierarchical Mechanical System Design."

April 1988 Manufacturing International (MI 88), Atlanta, GA
- T. Kramer - Session Co-chair, "Design and Planning of Manufacturing Systems II."
- T. Kramer, "Process Planning for a Milling Machine from a Feature-Based Design."
- A. Jones, "Integration Issues in the Factory of the Future."

1987 ASME Winter Annual Meeting
- A. Donmez - Session Chairman of Quality Issues in Measurement and Inspection.
- Lee, J.D., Haynes, L.S., Wang, B.L., and Tsai, K.H., "Control of Flexible Robot Arm," presented and published in Modeling and Control of Robotic Manipulators and Manufacturing Processes.

December 1987 Symposium of Integrated Intelligent Manufacturing: Analysis and Synthesis
- Kramer, T., Strayer, W.T., "Error Prevention and Detection in Data Preparation for a Numerically Controlled Milling Machine."
- Nakpalohpo, I., Jun, J., "Automated Equipment Program Generator of the AMRF Vertical Machining Workstation."

May 1987 26th Technical Symposium on New Trends in Automated Manufacturing
- Swyt, D.A., "Data-Driven Flexibly Automated Manufacturing: The View from NBS."

December 1986 Symposium of Integrated Intelligent Manufacturing: Analysis and Synthesis
- McLean, C., "Vertical Workstation of the AMRF: Software Integration."
- Magrab, E., "Vertical Workstation of the AMRF: Equipment Integration."
- McLean, C., "Interactive Process Planning in the AMRF."

1986 ASME Winter Annual Meeting
- Slocum, A., Greenspan, L., and Peris, J., "Design and Implementation of a Five Axis Robotic Micromanipulator."
- Slocum, A., Yee, K., Peris, J., and Jurgens, P., "A Servo-controlled Pneumatic Double Gripper with Changeable Fingers."
- Donmez, A., Liu, R., Barash, M., "A Generalized Mathematical Model for Machine Tool Errors."

1986 ASME International Computers in Engineering Conference and Exhibition
- H. Bloom - Discussed software standards with ASME Committee chaired by Dr. Raghaven.
- P. Brown - Session Chairman, Robotics I - Manipulation.
- H. Bloom and C. McLean - Paper presentation.

September 1985 ASME Design Technology Conference
- C. McLean - Panel member.

August 1985 ASME Board of Governors, Manufacturing Sciences Program Meeting
- o R. Hocken (Former NIST employee)

1985 ASME International Computers in Engineering Conference and Exhibition
- o H. Bloom - Keynote Speaker.
- o C. McLean - Chairman of Expert System Session.
- o C. McLean and A. Jones - Paper presentation.

August 1984 ASME International Computers in Engineering Conference
- o C. McLean - Panel member of Expert System Session.
- o C. McLean and A. Jones - Paper presentation.

August 1983 ASME International Computers in Engineering Conference
- o C. McLean - Chairman of Flexible Manufacturing Systems Session.

ASME Committee Memberships and Contributions to Standards:

B46 - Committee on Surface Roughness
- o T.V. Vorburger, Chairman
- o C. Teague
- o Participated over past 10 years and helped to carry out two major revisions of the surface roughness standard.
- o These members are in the process of formalizing a proposal to ASME and the Committee that ASME be the U.S. sponsor or participating sponsor to support the data collection to form the National/International Surface Roughness Data Bank.

Pressure Vessel Codes - Acoustic Emission
- o F. Breckenridge

Y14.26 - Computer Representation of Product Definition Data
- o B. Smith
- o C. Furlani
- o This committee and its parent committee Y14, Engineering Drawings and Related Practices, form the route for ANSI's review and approval of the NIST projects on the Initial Graphics Exchange Specification (IGES) and the Product Data Exchange Specification (PDES).
- o IGES Version 4.0 was submitted in Sept. 1988 and has now been approved as an American National Standard in three rounds of balloting.

B5 - Machine Tool-Components Elements, Performance and Equipment
- o D. Lovett
- o Preparing proposed performance standards for machining centers.
- o Advising and assisting ASME on the establishment of a new committee on machining centers.

B5-TC52 - Machining Center Standards
- D. Lovett, Chairman
- A. Donmez

B89.1.12 - Coordinate Measuring Machine Performance Evaluation
- B. Borchardt
- T. Hopp
- R. Veale
- Coordinate Measurement Machine standard worked in consensus with this committee.

B89.1.5 - Master Disks, Plug Gages, Spherical Standards and Thread and Gage Wires
- R. Veale

B89.1.6 - Master Ring Gages
- R. Veale

B89.3.2 - Datum Position and Form
- R. Veale
- T. Doiron
- B. Borchardt

Other ASME Publications:

- Roche, M., "Using Available Curve-Shaped Information with a Non-Uniform B-Spline," Computers in Mechanical Engineering, July/August, 1987.
- Lee, J.D., Haynes, L.S., "Finite Element Analysis of Flexible Fixturing System," Journal of Engineering for Industry, 1987.
- Eitzen, D. - prepared article on NIST conical transducer for Mechanical Engineering, Fall, 1985.
- Kramer, T., "Contour Outlines," Comuters in Mechanical Engineering, October 1989 (pending).

Special Activities

- A. Jones, October 1989, Satellite Broadcast, National Technical Univ. - "Integration Issues in the Factory of the Future."
- AMRF Tours for participants in local ASME Meetings.

NATIONAL ENGINEERING LABORATORY

CENTER FOR COMPUTING AND APPLIED MATHEMATICS (CCAM)

Conferences:

June 1988 Applied Mechanics and Engineering Sciences Conference, Berkeley, CA

- o T. Burns - Session Chairman on "Plasticity."
- o Burns, T., "Similarity and Bifurcation in Unstable Viscoplastic Shear."

Jeffrey T. Fong's extensive conference activities follow:

August 1991 International Symposium on Expert Systems and AI Applications in the Power Generation Industry (Post-SMiRT-11, co-sponsored by ASME), Tokyo

- o Co-Chairman of Organizing Committee for the American Region.
- o Session Chairman and Co-Editor of Symposium Proceedings.

June 1991 Pressure Vessels and Piping Division Conference, San Diego, CA

- o Session Chairman and Proceedings Co-Editor for Symposium on "Pressure Vessels and Piping Division - The First Twenty-Five Years."

June 1990 Pressure Vessels and Piping Division Conference, Nashville, TN

- o Tutorial Leader of "PC-based Expert Systems for Finite Element and NDE Reliability Analyses."
- o Session Chairman on "Critical Issues in Mechanical Engineering from the Perspectives of Chairman of Materials, NDE, OMAE, and PVP Divisions."
- o Co-Author of a paper entitled "An Application of a Simple Technique for Estimating Errors of Finite-Element Solutions Using a General-Purpose Code."

July 1989 Pressure Vessels and Piping Division Conference (co-sponsored by Japan Society of Mechanical Engineers), Honolulu, HI

- o Tutorial Leader of "PC-based Expert Systems for Managing Engineering Data and Analyses."
- o Symposium Co-Chairman and Editor of Proceedings as ASME Special Publication PVP-172.
- o Co-Author of a paper entitled "A Built-in Error Estimator for Optimizing Finite Element Modeling."

May-June 1989 ABET Conference on Statistics and Probability in Engineering Education (co-sponsored by ASME), Leesburg, VA

- o Official Delegate on behalf of ASME Council on Engineering.
- o Author of a post-conference summary report which appeared in the October 1989 issue of ASME News, Vol. 9, No. 5, pages 1 and 5.

September 1988 6th International Conference on Pressure Vessel and Piping Technology (ICPVT-6), Beijing, China

- Technical Program Chairman for the American Region (co-sponsored by ASME).

June 1988 Pressure Vessel Piping Conference, Pittsburgh, PA

- General Chairman.
- Co-chairman of Panel technical session on "PVP Code Requirements for the Emerging Bioprocessing Industry."
- Tutorial Leader of "PC-Based Expert Systems for Managing Engineering Data."

October and June 1987 ASME Pressure Vessel Piping Conference, Knoxville, TN

- Tutorial Leader on "How to Manage Engineering Data with a PC."

July 1986 ASME Pressure Vessel Piping & Computer-in-Engineering Joint Conference, Chicago, IL

- Technical Program Co-chairman
- Tutorial Leader on "How to Manage Engineering Data with a PC."
- Session Chairman on "U.S. Competitiveness in a Computer-Dominated World Economy" (Invited Speaker: The Hon. Clarence Brown, Deputy Secretary, U.S. Department of Commerce).

June 1984 ASME-ASIS-MPC-NBS Symposium on "Engineering Databases: Software for On-Line Applications," San Antonio, TX

- Symposium Chairman & Editor of Proceedings as ASME publication PVP-96.

June 1983 ASME-ASNT-NBS-PVRC Symposium on "NDE Reliability Through Round Robin Testing," Portland, OR

- Symposium Chairman and Editor-in-Chief of Proceedings as ASME publication NDE-1.

ASME Committee Memberships (J. Fong):

ASME Materials and Structures Technical Group

- Chairman, Meetings and Publications Committee, 1988-1989
- Board Member, 1987-1989

Pressure Vessels and Piping Division

- Senate President, 1988-1989
- Chairman, 1986-1987
- Vice-Chairman and Chairman-Elect, 1985-1986
- Executive Committee Member, 1982-1985

ASME Technical Opportunities and Planning Committee

- 1985-1987

Elasticity Committee, Applied Mechanics Division
- 1982-1986

ASME/NBS Interactions Task Force
- 1984-1985

ASME Editor (J. Fong):

Board of Editors for ASME Journal of Pressure Vessel Technology
- Associate Editor, 1983-present

Board of Editors for ASME Journal of Computers in Mechanical Engineering (CIME)
- Associate Editor, 1984-1986

Other ASME Publications:

- Fong, J.T. and Filliben, J.J., "A Data Analysis Methodology as Applied to the PVRC Round Robin NDE Test Program," ASME spec. pub. NDE-1, 1986.
- Fong, J.T., "Analysis of Sectioning Data of PVRC 251-J for Estimating Flaw Fabrication Reliability," ASME pub. NDE-1, 1986.
- Fong, J.T., co-edited with Mordfin, L., Hedden, O.F., and Bush, S.H., "NDE Reliability Through Round Robin Testing," ASME spec. pub. NDE-1, 1986.
- Chapman, R., "Applications of Operations Research Techniques to System Design and Evaluation," ASME spec. pub. PVP-109, 1986.
- Fong, J.T., co-edited with Hollinger, G.L., Gowda, B., Ezekoye, L., and Levary, R., "ASME Codes & Recent Advances in Pressure Vessel, Piping, and Valve Technology," ASME spec. pub. PVP-109, 1986.
- Fong, J.T., "Integration of Analysis and Data Bases for Decision Making," CIME, July, 1986.
- Fong, J.T., Cramer, R.S., and Redmiles, D.F., "DATAX: A Prototype Software for Engineering Data Evaluation and Decision Support (Extended Abstract)," ASME spec. pub. PVP-96, 1984.
- Redmiles, D.F., "K*: A Fortran-Based Code for Programming and Evaluating Interactive Software, "ASME pub. PVP-96, 1984.
- Filliben, J.J., and Fong, J.T., "DATAPLOT as an Expert System for Interactive Data Analysis," ASME spec. pub. PVP-96, 1984.
- Fong, J.T., ed., "Engineering Databases: Software for On-Line Applications," ASME spec. pub. PVP-96, 1984.
- Fong, J.T., "Computer Software Needs of Materials Property Data Bases for Selected Engineering Applications," ASME spec. pub. MPC-20, 1983.

Honors and Awards:

- Jeffrey T. Fong - Certificate of Appreciation, Awarded on July 26, 1989 by ASME President C.O. Velzy for Leadership and Valued Service as General Chairman of the 1988 Pressure Vessels and Piping Conference.

- Jeffrey T. Fong - Certificate of Appreciation, Awarded on July 26, 1989 by ASME President C.O. Velzy on behalf of Pressure Vessels and Piping Division for Leadership and Valued Service in Developing Conference Tutorial Program from 1986 to 1989.

- Jeffrey T. Fong - Distinguished Lectureship (1988-90) from ASME Council on Engineering, March 1988. The Distinguished Lecturers Program was established by ASME in 1987 as an organized endeavor designed to provide Regions and Sections with an opportunity to hear from outstanding speakers at the leading edge of their technology. Only candidates with exceptional credentials and a proven ability to communicate their insights and excitement to a diverse engineering audience have been invited to participate.

- Jeffrey T. Fong - Certificate of Appreciation from ASME Board of Governors, July 1, 1987. Recognized for his valuable services to ASME in advancing the engineering profession as a member and chairman of the Pressure Vessels and Piping Division Executive Committee.

- Jeffrey T. Fong - ASME Fellow, July 1986. Recognized "for distinguished contribution to the advancement of the arts and sciences of mechanical engineering practice through research, publication, consulting, and conference management."

Special Activities (J. Fong):

China National Standards Committee of Pressure Vessel
- Honorary Advisor, PRC State Bureau of Standards, Bejing, China, 1985-1987.
- Special Assistant to ASME Executive Director and Managing Director for Codes and Standards for planning the hosting of official visit to the U.S. by this Committee, 1985-1986.
- Special Assistant to ASME President and Executive Director for planning an official visit to China, 1984-1985.
- Member of the ASME Delegation to China, May, 1985.

Project Director of a proposed ASME-NBS Software Research project, DATAX, for ASME Committee on Software Research, 1984-1986.

NATIONAL ENGINEERING LABORATORY

CENTER FOR BUILDING TECHNOLOGY (CBT)

Conferences:

1987 ASME Summer Annual Meeting
- R. Wright, Director, Center for Building Technology - Briefed the ASME Council on Engineering and the Council on Codes and Standards on potential cooperative work on machine representations of standards.

Ninth Solar Energy Division Conference, 1987
- A.H. Fanney and B. Mahajan - Session Chairmen.
- Mahajan, B.M., "Flow Coefficients for Interzonal Natural Convection for Various Apertures."
- Liu, S.T., "Experimental and Analytical Investigation of Solar Radiation on Interior Surfaces of a Sunspace."

Eighth Solar Energy Division Conference, 1986
- A.H. Fanney and B. Mahajan - Session Chairmen.
- Fanney, A.H. and Dougherty, B.P., "A Self-Heated Thermistor Flowmeter for Flow Measurements in a Thermosyphon Solar Hot Water System."
- McCabe, M.E., "Diurnal Effectiveness of Phase-Change Energy Storage Cylinders."
- Mahajan, B.M., "Inter-room Air Flow by Natural Convection via a Doorway Opening."

AIAA/ASME Thermophysics and Heat Transfer Conference, 1986
- McCabe, M.E., "Periodic Heat Conduction in Energy Storage Cylinders with Change of Phase."

106th Winter Annual Meeting, 1985
- M.E. McCabe - Session Vice-Chairman.
- Mahajan, B.M., "Interzonal Natural Convection for Various Aperture Configurations."
- Greenberg, J., "Plan for the Development of Test Procedures for Differential Temperature Controllers Used in Solar Energy Systems."

105th Winter Annual Meeting, 1984
- M.E. McCabe - Session Organizer and Chairman.
- Mahajan, B.M., Liu, S.T., and Reed, K.A., "Performances of Different Passive Solar Systems at the NBS Test Facility."
- Thomas, W.C. and Reed, K.A., "Effect of Infrared Irradiance on Collector Thermal Performance."
- Waksman, D., Thomas, W.C., "Conclusions and Recommendations for the Testing of Flat-Plate Solar Collector Thermal Performance and Durability."

Sixth Solar Energy Division Conference, 1984
- Fanney, A.H., "An Experimental Technique for Testing Thermosyphon Solar Domestic Hot Water Systems."

Fifth Solar Energy Division Conference 1983
- A.H. Fanney - Session Chairman.
- Mahajan, B.M. and Liu, S.T., "Initial Results from NBS Passive Solar Energy Test Facility."
- Klein, S.A. and Fanney, A.H., "A Rating Procedure for Solar Domestic Hot Water Systems."
- Fanney, A.H. and Klein, S.A., "Performance of Solar Domestic Hot Water Systems at the National Bureau of Standards - Measurements and Predictions."
- Thomas, W.C., Dawson, III, A.G., Waksman, D., "Testing Solar Collector Materials Durability by Integrated Day-Long Stagnation Temperature Measurements."

104th Winter Annual Meeting, 1983
- McCabe, M.E., "Solar Energy Absorption by Vertical Cylindrical Tube Absorbers in Sunspace Enclosures."

ASME Committee Memberships:

ASME Solar Energy Executive Committee
- A.H. Fanney - Chairman 1989-1990

Solar Testing and Measurement Committee, Solar Energy Division
- A.H. Fanney - Chairman, 1984-1987, Member 1988-1990
- B. Mahajan
- M.E. McCabe

Other ASME Publications:

Journal of Solar Energy Engineering
- Fanney, A.H. and Dougherty, B.P., "A Self-Heated Thermistor Flowmeter for Flow Measurements in a Thermosyphon Solar Hot Water System," 1987.
- Mahajan, B.M., "Measurement of Air Velocity Components of Natural Convective Interzonal Airflow," 1987.
- Waksman, D., Thomas, W.C., "The NBS Solar Collector Reliability/Durability Test Program: Summary of Results and Recommendations for Collector Testing," 1986.
- Thomas, W.C., Dawson, III, A.G., Waksman, D., "Use of Integrated Day-Long Stagnation Temperature for Measuring Changes in Solar Collector Materials Properties," 1985.
- Fanney, A.H., "An Experimental Technique for Testing Thermosyphon Solar Domestic Hot Water Systems," 1984.
- Klein, S.A. and Fanney, A.H., "A Rating Procedure for Solar Domestic Hot Water Systems," 1983.
- Fanney, A.H. and Klein, S.A., "Performance of Solar Domestic Hot Water Systems at the National Bureau of Standards - Measurements and Predictions," 1983.

- Dawson, III, A.G., Thomas, W.C., and Waksman, D., "Solar Collector Durability Evaluation by Stagnation Temperature Measurements," 1983.

Honors and Awards:

- D. Didion - ASME Fellow, October 1989. Recognized for his expertise in the fields of heat transfer and building refrigeration equipment.

NATIONAL ENGINEERING LABORATORY

CENTER FOR FIRE RESEARCH (CFR)

Conferences:

110th ASME Winter Annual Meeting, San Francisco, CA, 1989
- J.G. Quintiere, Co-Chairman of Session on "Heat Transfer in Combustion Systems."
- J.G. Quintiere, Panelist on "Panel on National Fire Research Agenda."

1990 AIAA/ASME Thermophysics and Heat Transfer Conference
- J.G. Quintiere, L. Cooper, Co-Chairman of Session on "Heat and Mass Transfer in Fire."

109th ASME Winter Annual Meeting, 1988
- J.G. Quintiere - Panelist, "Panel on Program Emphasis in Heat Transfer Research at Federal Funding Agencies."

108th ASME Winter Annual Meeting, 1987
- V. Motevalli, C.H. Marks, (NIST Guestworkers from the University of Maryland), B. McCaffrey (CRF), "Measurement of Velocity and Temperature Profiles in Low-Speed Turbulent, Non-Isothermal Flows."

ASME-JSME Thermal Engineering Joint Conference, March 22-27, 1987, Honolulu, Hawaii
- Len Cooper (CFR), along with B. Farouk (Drexel University) - Organized the Heat and Mass Transfer in Compartment Fires Sessions.
- Pitts, W.M., "The Effects of Global Density and Reynolds Number Variations on Mixing in Turbulent Axisymmetric Jets - Implication for Turbulent Diffusion Flames."
- DiMarzo, M., Evans, D.D., and Trehan, A.K., "The Cooling Effect of a Single Evaporating Droplet on a Hot Semi-Infinite Metal Body."
- Finlayson, E., Aung, W. and Kashiwagi, T., "Interaction of Radiation and Conduction in Polymeric Materials Exposed to External Thermal Radiation."
- Morehart, J. and Evans, D.D., "Investigation of the Effects of a Stratified Two-Layer Environment on Fire Plume Temperatures."
- Woodhouse, A., Marks, C.H. and Cooper, L.Y., "An Experimental Study of the Transient Thermal Response of Unconfined Ceilings Above Fire Plumes."

24th ASME/AIChE National Heat Transfer Conference, 1987
- DiMarzo, M. and Evans, D.D., "Evaporation of a Water Droplet Deposited on a Hot High Thermal Conductivity Solid Surface."
- Cooper, L.Y., "Heat Transfer in Compartment Fires Near Regions of Ceiling Jet-Impingement."

- o Saito, K., Williams, F.A., Wichman, S., Quintiere, J., "Upward Turbulent Flame Spread on Wood Under External Radiation."

23rd ASME/AIChE National Heat Transfer Conference, 1985
- o Cooper, L. and Woodhouse, A., "The Buoyant Plume-Driven Adiabatic Ceiling Temperature Revisited."

22nd ASME/AIChE National Heat Transfer Conference, 1984
- o L. Cooper - Paper presentations.

21st ASME/AIChE National Heat Transfer Conference, 1983
- o J. Quintiere - Organized the fire dynamics and fire heat transfer sessions.
- o L. Cooper, D. Evans, and T. Kashiwagi - Presented papers at these sessions published by ASME in a single volume which serves as an introduction to fire science, fire dynamics, and heat transfer (edited by J. Quintiere).
- o Cooper, L.Y., "On the Significance of a Wall Effect in Enclosures with Growing Fires."
- o Evans, D.D., "Plume Flow in a Two-Layer Environment."

1983 ASME Winter Annual Meeting - Symposium on Modeling of Environmental Flow Systems
- o Cooper, L.Y., "A Buoyant Source in the Lower of Two, Homogeneous Stably Stratified Layers."

ASME Committee Memberships:

K-11 Committee on Heat Transfer in Fire and Combustion Systems
- o J. Quintiere - Chairman of the K-11 Committee (1986-1988)
- o Len Cooper
- o Various NIST grantees
- o The founder of K-11 and recent past Chairman of the Heat Transfer Division, Prof. John R. Lloyd, is currently a member of the NAS-NAE-NRC Board of Assessment of NIST Programs for CFR which serves to advise and evaluate the Center's program.

Other ASME Publications:

- o Cooper, L.Y., "Heat Transfer in Compartment Fires Near Regions of Ceiling-Jet Impingement on a Wall," Journal of Heat Transfer, 1989.
- o Cooper, L.Y. and Stroup, D.W., "Thermal Response of Unconfined Ceilings Above Growing Fires and the Importance of Convective Heat Transfer," Journal of Heat Transfer, 1987.
- o Cooper, L.Y. and Kennedy, L.A., "Heat and Mass Transfer Research Topics in Fire and Controlled Combustion Systems," Mechanical Engineering, 1986.
- o Cooper, L.Y. and Woodhouse, A., "A Buoyant Plume-Driven Adiabatic Ceiling Temperature Revisited," Journal of Heat Transfer, 1986.

NATIONAL ENGINEERING LABORATORY

CENTER FOR ELECTRONICS AND ELECTRICAL ENGINEERING (CEEE)

Conferences:

1987 ASME Winter Annual Meeting

- o Frank F. Oettinger - Lead speaker on the "Panel on Standardization in Thermal Resistance for Microelectronics" jointly sponsored by the Electrical and Electronics Packaging Division and the Heat Transfer Division's K-16 Committee.

ASME Committee Memberships and Contributions to Standards:

K-16 Committee on Heat Transfer in Electronic Equipment

- o Frank Oettinger facilitated a working relationship with the K-16 Subcommittee on Measurement Standards and Procedures and related Semiconductor Equipment and Materials International (SEMI) standardization activities in ceramic and plastic IC package thermal test methods.

- o This interaction has resulted in the publication of SEMI Test Method G43-87, "Still- and Forced-Air Junction-to-Ambient Thermal Resistance Measurements of IC packages," in the 1987 Book of SEMI Standards. This is the first document of its kind in which a standardized approach has been agreed upon by the semiconductor industry using a wind-tunnel for forced-air convection testing of microelectronic devices.

- o As General Chairman of the 1988 IEEE Semiconductor Thermal and Temperature Measurement Symposium (SEMI-THERM), Oettinger discussed with Dr. Richard Wirtz, Chairman of ASME K-16 Committee, the possibility of K-16 being a co-sponsor or cooperating society with IEEE. No decision has as yet been made.

NATIONAL MEASUREMENT LABORATORY

CENTER FOR CHEMICAL TECHNOLOGY (CCT)

Conferences:

1991 11th ASME International Symposium on Thermophysical Properties, NIST, Boulder, CO, H.J.M. Hanley and J.F. Ely, co-organizers.

1989 ASME Winter Annual Meeting, San Francisco, CA, Dec. 1989
- H.G. Semerjian - Chairman of Symposium on Heat Transfer in Combustion Systems
- Presser, C., Gupta, A.K., and Semerjian, H.G., "Droplet Velocity Measurements in a Swirling Kerosene Spray Flame."
- Snyder, R.E., Joklik, R.G., and Semerjian, H.G., "Laser Tomography for 2D Concentration Measurements in an Unsteady Jet Diffusion Flame."

International Conference on the Properties of Steam (IAPS), Prague, Czechoslovakia, October 1989. David Neumann presented a paper on the Dielectric Constant of Water. ASME is the U.S. representative to IAPS.

26th ASME/AIChE National Heat Transfer Conference, Philadelphia, PA, Aug. 1989
- C. Presser - Session Chairman on Heat and Mass Transfer in Spray Systems.
- C. Presser - Workshop Chairman on Challenging Issues in Heat and Mass Transfer for Spray Systems.

25th AIAA/ASME/SAE/ASEE Joint Propulsion Conference, Monterey, CA, July 1989
- C. Presser - Session Chairman on Spray Formation.

1988 ASME Winter Annual Meeting, Chicago, IL, Nov./Dec. 1988
- H.G. Semerjian - Session Chairman on Experimental and Computational Studies of Combustion Processes.
- H.G. Semerjian - Workshop on Experimental and Computational Studies of Combustion Processes.
- Presser C., Gupta, A.K., and Semerjian, H.G., "Aerodynamic Effects on Fuel Spray Characteristics: Air-Assist Atomizer."

25th ASME/AIChE National Heat Transfer Conference, 1988
- H.G. Semerjian - Session Chairman on Combustion Fundamentals.

AIAA/ASME/SAE/ASEE 24th Joint Propulsion Conference, Boston, MA, July 11-12, 1988
- C. Presser - Session Chairman on Sprays/Injectors.
- Presser, C., Gupta, A.K., and Semerjian, H.G., "Dynamics of Pressure-Jet and Air-Assist Nozzle Sprays: Aerodynamic Effects."

1988 10th ASME International Symposium on Thermophysical Properties,
NBS, Gaithersburg, MD, June 20-24, 1988

- Berg, R.F., "Low Frequency Critical Viscosity of Four Binary Liquids."
- Bruno, T.J., "Supercritical Fluid Chromatograph for Physicochemical Studies: Binary Diffusion Coefficients."
- Cezairliyan, A. and Sengers, J.V. - Organizers and Chairmen.
- Clark, E.J., "Crystallization and Fibril Formation in Polymers."
- Diller, D.E., "Torsional Piezoelectric Crystal Viscometer for Compressed Gases and Liquids."
- Ely, J.F., and Magee, J.W., "PVT Relationships in a Carbon Dioxide Rich Mixture with Ethane."
- Fox, J.R., "A Field-Space Conformal Solution Method."
- Friend, D.G., "The Viscosity Surface for Mixtures of Methane and Ethane."
- Gallagher, J.S., "The Modelling of the Thermodynamic Properties of Sodium Chloride in Steam Through Extended Corresponding States."
- Goodwin, A.R.H., "Measurements of the Speed of Sound in Argon, Methane, a Natural Gas and Air at High Pressures using a Spherical Resonator."
- Hanley, H.J.M., "Prediction of Shear Viscosity and Non-Newtonian Behavior in the Soft Sphere Liquid."
- Haynes, W.M., "Automated Magnetic Suspension Densimeter with Optical Sensing."
- Huber, M.L., "Extension of an Improved One-Fluid Conformal Solution Theory to Real Fluid Mixtures with Large Size Differences."
- Jacobsen, R.T., Clarke, W.P., and Penoncello, S.G., and McCarty, R.D., "A Revised Interium Thermodynamic Property Formulation for Air."
- Miller, A.P., "Thermal Expansion of Tungsten in the Range 1500-3600 K by a Transient Interferometric Technique."
- Moldover, M.R., "The Tension and Thickness of Interfaces in the Critical Region of Fluids."
- Moldover, M.R., "Measurement of the Universal Gas Constant R with a Spherical Acoustic Resonator."
- Morrison, G., "Phase Transitions in the Liquid Phases of Monomolecular Films."
- Morrison, G., "New Methods for Locating Phase Boundards."
- Morrison, G., "Critical Points in Electrolytes: What are the Issues? What Experiments Should be Done?"
- Nieto de Castro, C.A., "The Viscosity of Liquid Toluene Under Pressure."
- Nieto de Castro, C.A., "The Thermal Conductivity of Refrigerant R142b."
- Outcalt, S.L., "Direct Fugacity Measurements on Hydrogen Mixtures."
- Rainwater, J.C., "Asymptotic Expansions for Dew-Bubble Curves Near the Critical Locus."

- Roder, H.M., and Nieto de Castro, C.A., "Thermal Conductivity, Thermal Diffusivity and Heat Capacity of Nitrogen from Transient Hot-Wire Measurements."
- Schmidt, J.W., "Structure of the Liquid-Liquid Interface Near T_c."
- Storvick, T.S., "A Field-Space Conformal Solution Method: Binary Vapor-Liquid Phase Behavior."
- Van Poolen, L.J., "Representation of Binary Mixture Liquid-Vapor Equilibria by Means of Critical Isochores."
- Van Poolen, L.J., "Thermodynamic Properties of Air on the Dew and Bubble Lines."

13th National Waste Processing Conference, Philadelphia, PA, May 1988
- Buckley, T.J., and Domalski, E.S., "Evaluation of Data on Higher Heating Values and Elemental Analysis for Refuse-Derived Fuels."
- Churney, K., Ledford, Jr., A.E. Buckley, T.J., and Domalski, E.S., "Chlorine Mass Balance in the Combustion of Refuse-Derived Fuel."

1987 ASME Winter Meeting, Anaheim, CA
- Morrison, G., "Application of the Carnahan-Starling-DeSantis Equation of State to Mixtures of Refrigerants."

1987 ASME Winter Annual Meeting, Boston, MA, Nov. 3-4, 1988
- Mattingly, G.E. - Organized and Chaired Session on Fluid Flow Measurement Uncertainty (I and II).

24th ASME/AIChE/ANS National Heat Transfer Conference, Pittsburgh, PA, Aug. 1987
- C. Presser - Session Chairman on Heat Transfer in Furnaces.
- Jones, M.C., "Retrograde Condensation of Carbon Dioxide--N-Decane Mixtures on Horizontal Cylinders."

AIAA/SAE/ASME 23rd Joint Propulsion Conference, San Diego, CA, July 1987.
- Presser, C., Gupta, A.K., Semerjian, H.G., "Nozzle Design Effects on Droplet Size and Transport in Fuel Sprays."

ASME, MFFCC Meetings, New York, NY, May 1987.
- G.E. Mattingly - Described NBS' Round Robin Flowmeter Testing.

2nd ASME/JSME Thermal Engineering Joint Conference, Honolulu, Hawaii, March 1987.
- H.G. Semerjian - Organized three sessions on Combustion Fundamentals and chaired one session.
- Presser C., Gupta., A.K., Semerjian, H.G., and Santoro, R.J., "Droplet/Air Interaction in a Swirl-Stabilized Spray Flame."

12th National Waste Processing Conference, June 1986
- Domalski, E., "The Chlorine Content of Municipal Solid Waste from Baltimore County, MD and Brooklyn, NY."

- Churney, K., "Assessing the Credibility of the Calorific Value of Municipal Solid Waste."

International Symposium on Fluid Flow Measurement, Washington, DC, Nov. 1986; jointly sponsored by AGA, API, ASME, GPA, GRI and NBS.

- N.A. Olien - Member of organizing committee.
- G.E. Mattingly - Member of organizing committee and session chairman.

23rd ASME/AIChE National Heat Transfer Conference, 1985

- Santoro, R., Yeh, T., and Semerjian, H., "The Transport and Growth of Soot Particles in Laminar Diffusion Flames."

June 1985 9th ASME Symposium on Thermophysical Properties, NBS, Boulder, CO.

- H. Hanley - Chairman.

ASME Committee Memberships:

Research Committee on Industrial and Municipal Wastes

- Dr. Eugene Domalski

AMSE Dioxin Committee

- K. C. Churney

ASME Research Committee on the Properties of Steam

- J.M.H.L. Sengers
- J.V. Sengers
- D. Neuman

ASME K-7 Thermophysical Properties of the Heat Transfer Division

- A. Cezairliyan
- H. Hanley
- J.V. Sengers
- J.F. Ely
- L.L. Sparks

George E. Mattingly's memberships include:

- ASME (Main) Committee on the Measurement of Fluid Flow in Closed Conduits
- ASME SC-2, Pressure Differential Devices
- ASME SC-6, Glossary of Terms for Flow Measurements (Past Chairman)
- ASME SC-14, Measurement of Fluid Flow Using Gravimetric and Volumetric Techniques (Chairman)
- ASME SC-15, Subcommittee on Installation Effects on Orifices
- ASME SC-16, Subcommittee on Vortex Shedding Type Flowmeters (Past Chairman)
- ASME SC-19 Flow Conditioning
- ASME (Main) Research Committee on Fluid Meters

- ASME SC-11, Subcommittee on Test Methods and Calculation Procedures (Chairman)

ASME K-6 Committee on Heat Transfer in Energy Systems
- C. Presser

ASME K-11 Committee on Heat Transfer in Fires and Combustion Systems
- H.G. Semerjian

ASME PTC 19.18, Committee on Humidity Determination
- S. Hasegawa

Other Publications

- Domalski, E.S., and Jobe, Jr., T.L., "Thermodynamic Data for Biomass Materials and Waste Components," 1987, (ASME/NBS/SERI publication).

Special Activities:

NIST and ASME work together in the North American Fluid Flow Measurement Council. Other members include the American Gas Association, Canadian Gas Association, Pacific Energy Association, Gas Processors Association, American Petroleum Institute, Gas Research Institute, Institute of Gas Technology, and Instrument Society of America.

TECHNOLOGY SERVICES

STANDARD REFERENCE DATA (SRD)

ASME Committee Memberships and Contributions to Standards:

ASME Research and Technology Committee on Water and Steam in Thermal Systems

- Dr. Howard J. White, Jr. - This Committee serves as the U.S. National Committee to the International Association for the Properties of Steam (IAPS), for which Dr. White was the Executive Secretary until September 1989. Dr. White will continue to attend meetings.

MATERIALS SCIENCE AND ENGINEERING LABORATORY

Conferences:

ASME Offshore Mechanics and Arctic Engineering Conference, 1990
- D.T. Reed - Paper presentation

1989 ASME Winter Annual Meeting, San Francisco, CA, December 1989
- L. Mordfin - NDE Session Organizer and Chairman

ASCE/ASME Third Joint Mechanics Conference, July 1989
- H. Chai, "Fracture of Adhesive Bonds in Shear"

ASME/STLE Joint Tribology Conference, October 1989
- S.M. Hsu - Paper presentation.
- S. Jahanmir - Session Chairman.

International Conference on Wear of Materials, April, 1989*
- S.M. Hsu - Session Chairman and paper presentation.
- S. Jahanmir - Session Chairman and paper presentation.
- A.W. Ruff - Steering Committee Member, Session Chairman and paper presentation.
- M.B. Peterson - Session Chairman.

ASME/JSME Pressure Vessel and Piping Conference, July 1989
- T. Siewert - Session Organizer on Real-Time Radiography and Paper Presentation.

ASME/STLE Joint Conference, October 1988
- S.M. Hsu - Session Organizer and Speaker.
- R.S. Gates - Paper presentation.
- J. Perez - Paper presentation.

Pressure Vessel and Piping Conference, June 1988
- S. Yukawa - Co-Author of paper on ASME Code Toughness Requirements.

ASME Offshore Mechanics and Arctic Engineering Conference, 1988
- H. I. McHenry - Session Organizer, Paper presentation.

ASME Offshore Mechanics and Arctic Engineering Conference, 1987
- H. I. McHenry - Paper presentation.

Winter Annual Meeting, December 1987
- S. Yukawa - Panel Session Organizer on Databases.

Fifth National Congress on Pressure Vessels and Piping Technology, 1987
- H. I. McHenry - Paper presentation.

ASME Tribology Workshop, 1985
o Jointly sponsored by NBS, DoE, and ASME.
o B. Ruff and J. Rumble - Participants.

ASME Committee Memberships:

Materials and Structures Group
o S. Yukawa - Immediate Past Vice-President

Council on Engineering Database Committee
o S. Yukawa

NDE Engineering Division, NDE Technology Transfer Committee
o L. Mordfin - Chairman

Pressure Vessels and Piping Division, Materials & Fabrication Committee
o L. Mordfin - Member

Boiler and Pressure Vessel Code Committee
o S. Yukawa participation includes:
  - Subgroup on Toughness, SC on Properties
  - Task Group on Very High Temperature Design, SC on Design
  - Subgroup on Evaluation Standards, SC XI
  - Working Group on Materials, Subgroup on NUPACK, SC II

ASME/NIST Interaction Committee
o S. Yukawa - Corresponding Member

Tribology Division
o S. Jahanmir - Executive Committee
o A.W. Ruff
o S.M. Hsu
o M. B. Peterson

Research Committee on Tribology
o S. Jahanmir - Chairman
o A.W. Ruff
o M.B. Peterson - Past Chairman
o S.M. Hsu

Honors and Awards:

o Marshall B. Peterson - Mayo D. Hersey Award, 1987. Recognized for 38 years of research and development in lubrication.

Special Activities:

B. Ruff - NIST liaison with ASME Washington office on Tribology data. Joint activity between NIST ASME, and other agencies in computerized tribology database.

NBS-114A (REV. 2-80)

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5. AUTHOR(S)

Gail K. Ehrlich

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NATIONAL BUREAU OF STANDARDS
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10. SUPPLEMENTARY NOTES

☐ Document describes a computer program; SF-185, FIPS Software Summary, is attached.

11. ABSTRACT (A 200-word or less factual summary of most significant information. If document includes a significant bibliography or literature survey, mention it here)

This report highlights examples of interactions between the National Institute of Standards and Technology (NIST) and the American Society of Mechanical Engineers (ASME) over the past several years. It is meant to be representative, not all-inclusive. The interactions are organized by discipline in the following categories: Conferences, Committee memberships and contribution to standards, Editors, Publications, Honors and Awards, and Special Activities. The report illustrates many activities which are designed to disseminate NIST's most recent technical advances and to learn of the technical challenges facing engineers in industry.

12. KEY WORDS (Six to twelve entries; alphabetical order; capitalize only proper names; and separate key words by semicolons)

ASME; computers; heat transfer; mechanical engineering; pressure vessel piping; robotics; solar energy; standards; technology transfer; tribology

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THURSDAY, MARCH 29, 1990.

NATIONAL WEATHER SERVICE

WITNESS

JOHN QUADROS, PRESIDENT, NATIONAL WEATHER SERVICE EMPLOYEES ORGANIZATION (NWSEO)

Mr. SMITH. Next we will hear from Mr. John Quadros. He is representing the Weather Service employees.

Mr. QUADROS. That is right, Mr. Chairman.

Mr. SMITH. Go ahead.

Mr. QUADROS. I am the past national president and current chairperson of the Legislative Committee of the National Weather Service Employees Organization.

On behalf of our organization, thank you and the members of this subcommittee for the support that you have provided in maintaining adequate funding and positions for the National Weather Service. But the job of maintaining adequate funding is a continuous one, especially because of the present administration's policy to slash the operational budget.

The fiscal year 1991 NOAA budget proposes the same cuts as in the past, which I have listed in my prepared statement, and I won't read them for you now. A continuing theme in many of these proposed reductions is that such specialized meterological services should be provided by private, rather than public, meteorologists. Our organization has advocated that these services remain publicly sponsored because a large percentage of the numerous users either could not or would not be able to procure such services from private vendors. From the perspectives of public safety and protecting vital agricultural industries, it is in the best interest of the nation as a whole that potential users be encouraged to use agricultural weather programs, fruit-frost programs, and fire weather programs. Forcing users to purchase such services could result in crop failure for those who cannot or will not purchase private meteorological services, and the general public will suffer.

It is a shame that the Administration proposes these cuts, which amount to only 109 positions and less than $8.3 million, when at the same time it proposes a huge $76.5 million increase in major systems programs including NEXRAD, ASOS, AWIPS and NOAAPORT. These cuts are proposed at the same time the administration predicts that 10 out of 22 of its own output performance measures will be lower in the next two years. Our organization is not against new technology. All we are saying is that Congress should prevent the administration from degrading the National Weather Service prior to implementing new technology.

We feel justified in warning that NEXRAD should be proven before it becomes operational, given some of the conclusions contained in the final report issued in December 1989 by the Air Force Operational Test and Evaluation Center regarding NEXRAD Initial Operational Test and Evaluation. The Air Force report concludes that "when the overall performance of NEXRAD is considered, including the impact of system outages, the median questionnaire response of all operators indicated that the system did not meet their requirements as an aid for providing weather warnings, weather advisories, and routine weather services."

Among the major deficiencies noted was that "during severe weather situations, the radar often failed to recover automatically from power transitions." The report reveals that it took as long as nine hours for NEXRAD to recover backup power.

Included among the other major deficiencies noted were large areas of range folding during convective weather. If I could take a moment here to explain, range folding is a phenomenon that on a particular radar screen, as much as half of the screen would be blanked out because of this phenomenon, which occurs naturally in the system. This would leave half the screen uncovered, and we would be unaware of what the data was in that area.

Although NEXRAD received a failing grade on this Air Force report, Secretary of Commerce Mosbacher announced on January 31st of this year that the Department of Commerce, the Federal Aviation Administration and the Department of Defense have ordered full production of 165 additional NEXRAD units beyond the 10 previously ordered without further testing. The cost of this order is $359 million.

We are not saying that NEXRAD is a bad idea or that the procurement decision should be reversed. We are saying that the current National Weather Service staffing and systems should be maintained until NEXRAD is proven capable, and that the transition should be accomplished so as not to degrade the National Weather Service capability to fulfill its public responsibilities.

One final point on the NEXRAD is that the Air Force report discredited the belief that NEXRAD is too complicated for a meteorological technician to operate. According to the report, "DOC supervisors and specialists stated that although current DOC plans do not include training for meteorological technicians on the use of NEXRAD, personnel in these positions could, with proper training, assist meteorologists in performing NEXRAD duties." Our organization recognizes this fact and strongly supports using meteorological technicians in the operation of NEXRAD.

Finally, Mr. Chairman, our organization is deeply concerned that the intent of Congress in Public Law 100-685 regarding weather office closings may be violated by NOAA. That law states, "The Secretary of Commerce may not close * * * any * * * office unless the Secretary has certified * * * that such action will not result in any degradation of weather services."

We believe that Congress intended that any such certification be based on specific analysis of the office in question. However, it has come to our attention that NOAA may be planning to use general conclusions based on its Modernization and Associated Restructuring Demonstration program to develop a "generic certification."

An undated memorandum from NOAA states that, "National Weather Service Headquarters will provide the Regions with documentation which includes evidence based on a multi-station operational demonstration which supports the conclusion that no degradation of services will result in modernization * * *. The Regions will site [sic] this evidence as part of their Notification of Certification and Certification Statement." This memorandum, at the very least, makes it appear as if the evidence will be an after-the-fact support for a decision to close an office. We feel it may be worse and that the entire process to certify that no services will be reduced due to an office closing may become a pro forma generic paper shuffle rather than a true analysis as the Congress intended. The use of generic certification statements is inherently deceptive and probably will conceal any loss of services to the public when NOAA closes the 135 or more WSO's and forecast offices planned for phaseout.

Thank you.

[The prepared statement of Mr. Quadros follows:]

STATEMENT OF
JOHN QUADROS, PAST-NATIONAL PRESIDENT
NATIONAL WEATHER SERVICE EMPLOYEES ORGANIZATION
SUBMITTED TO THE
SUBCOMMITTEE ON COMMERCE, JUSTICE, STATE AND JUDICIARY
OF THE
HOUSE APPROPRIATIONS COMMITTEE
ON
MARCH 29, 1990

Mr. Chairman and members of the Subcommittee, my name is John Quadros, and I am Past-National President and current Chairman of the Legislative Committee of the National Weather Service Employees Organization. I work as a meteorologist in the Weather Service Forecast Office located near San Francisco, California.

Our organization is a union which represents employees of the National Weather Service and the National Environmental Satellite Data and Information Service, both within the National Oceanic and Atmospheric Administration (NOAA). We have a strong interest in the NOAA FY 1991 budget and have first-hand knowledge of the likely impact which this budget will have on the general public.

On behalf of our organization, thank you and the members of this subcommittee for the support you provided in maintaining adequate funding and positions for the National Weather Service so that it could fulfill its public safety responsibilities. But the job of maintaining adequate funding is a continuous one, especially because the present Administration has continued the preceding Administration's policy to slash the operational budget of the National Weather Service below what we believe is necessary to both protect the public safety and preserve the long-term, cost-effectiveness of the National Weather Service.

The FY 1991 NOAA budget proposes the same cuts as in the past, namely:

- Eliminate staff positions at eight Weather Service Forecast Offices (Juneau, AK; Portland, ME; Cheyene, WY; Albany, NY; Lubbock, TX; Milwaukee, WI; Reno, NV; and San Juan, Puerto Rico)
- Eliminate maintenance of four moored buoys surrounding Hawaii
- Downgrade the Pacific Region Headquarters office in Honolulu, HI to a logistics support office and transfer its headquarters functions to Anchorage, AK
- Eliminate the congressionally-mandated agricultural weather services program resulting in the closure of 7 offices (in Twin Falls, ID; Yuma, AZ; Riverside, CA; Auburn, AL; Lafayette, IN; Stoneville, MS; and College Station, TX) and staff reductions at 7 offices (Camp Springs, MD; Portland, OR; Salt Lake City, UT; Wenatchee, WA; Great Falls, MT; Brownsville, TX; and Grand Rapids, MI)
- Eliminate the fruit-frost program resulting in staff reduction at 3 offices (Riverside, CA; Tampa Bay, FL; and Brownsville, TX)
- Reduce staff and funding for the fire weather services program (Redding, CA; Boise, ID; Camp Springs, MD; Fresno, CA; Cheyenne, WY; and Silver Spring, MD)
- Reduce the Susquehanna River Basin flood warning system
- Reduce the Colorado River Basin flood warning system

- o Reduction of congressionally-mandated contract observers at Stampede Pass, WA; Sexton Summit, OR; and Blue Canyon, CA

A continuing theme in many of these proposed reductions is that such specialized meteorological services should be provided by private, rather than public, meteorologists. Our organization has advocated that these services remain publicly sponsored because a large percentage of the numerous users either could not or would not be able to procure such services from private vendors. From the perspectives of public safety and protecting vital agricultural industries, it is in the best interest of the nation as a whole that potential users be encouraged to use agricultural weather programs, fruit-frost programs, and fire weather programs. Forcing users to purchase such services could result in crop failue for those who cannot or will not purchase private meteorological services, and the general public will suffer.

It is a shame that the Administration proposes these cuts, which amount to only 109 positions and less than $8.3 million dollars, when at the same time it proposes a huge $76.5 million increase in major systems programs including NEXRAD, ASOS, AWIPS and NOAA-PORT. These cuts are proposed at the same time the Administration predicts that 10 out of 22 of its own output performance measures will be lower in the next two years (see page NOAA-166 of the NOAA Budget Justification Book).

Our organization is not against new technology. All we are saying is that the Congress should prevent the Administration from degrading the National Weather Service prior to implementing new technology.

As weather service employees, we feel that the country should have the most advanced weather forecasting and early warning services of any nation in the world. However, our organization believes that NOAA is trying to give Americans a false sense of security by overstating the capabilities of the new technology, especially NEXRAD, without properly testing or proving whether it can do what it claimed it can do. The American public and the Congress should have proof that new technology works before implementation.

We feel justified in warning that NEXRAD should be proven before it becomes operational, given some of the conclusions contained in the Final Report issued in December, 1989 by the Air Force Operational Test and Evaluation Center regarding NEXRAD Initial Operational Test and Evaluation. The Air Force report concludes that "when the overall peformance of NEXRAD is considered, including the impact of system outages, the median questionnaire response of all operators indicated that the system did not meet their requirements as an aid for providing weather warnings, weather advisories, and routine weather services."

According to the Air Force report, the NEXRAD unit tested at Norman, Oklahoma was unreliable. "The NEXRAD system did not meet the users' requirements for maintainability, fault isolation and availability. Agency technicians were not able to maintain the system within the required repair time." Among the major deficiencies noted was that "during severe weather situations, the radar often failed to recover automatically from power transitions." The report reveals that it took as long as nine hours for NEXRAD to recover on back-up power.

When NEXRAD did operate properly, the tests concluded that it only "met the operators' minimum operational requirements." The Air Force report states that "greater than 50 percent of the mesocyclone alerts were false" and that there were "frequent false indications of severe weather (e.g., hail and mesocyclone shear)."

Included among the other major deficiencies noted were large areas of range folding during convective weather:

> "During widespread convective activity, velocity-based products were often severely degraded by large areas of range-folded and incorrectly dealiased data. DOC operators stated that these severely degraded velocity-based products were highly ineffective as an aid in analyzing storms for their tornadic activity."
>
> "[D]eficiences with velocity dealiasing and range-folded velocity data often prevented operators from determining the strength of winds associated with convective-related features...(e.g. gust fronts)."

NEXRAD did not deliver as promised in another major area:

> "Operators did not find useful information in layered-turbulence products. This limitation prevented DOT from using this product in preparing aircraft advisories for turbulence, a key element of required CWSU weather support."

Although NEXRAD received a failing grade in this Air Force report, Secretary of Commerce Mosbacher announced on January 31, 1990 that the Department of Commerce, the Federal Aviation

Administration and the Department of Defense have ordered full production of 165 additional NEXRAD units beyond the 10 previously ordered from UNISYS without further testing. The cost of this order is $359 million, according to Secretary Mosbacher.

We are not saying that NEXRAD is a bad idea, or that the procurement decision should be reversed. We are saying that current National Weather Service staffing and systems should be maintained until NEXRAD is proven capable, and that the transition should be accomplished so as not to degrade the National Weather Service capability to fulfill its public responsibilities.

One final point is that the Air Force report discredited the belief that NEXRAD is too complicated for a meteorological technician to operate. According to the report:

> "DOC supervisors and specialists stated that although current DOC plans do not include training for meteorological technicians on the use of NEXRAD, personnel in these positions could, with proper training, assist meteorologists in performing NEXRAD duties."

Our organization recognizes this fact and strongly supports using meteorological technicians in the operation of NEXRAD.

Finally, Mr. Chairman, our organization is deeply concerned that the intent of Congress regarding weather office closings may be violated by NOAA. Section 408(a)(b) of Public Law 100-685 regarding NOAA Authorizations, states:

> "The Secretary of Commerce may not close, consolidate, automate, or relocate any such office unless the

> Secretary has certified to the Committee on Commerce, Science, and Transportation of the Senate and the Committee on Science, Space and Technology of the House of Representatives that such action will not result in any degradation of weather services provided to the affected area. Such certification shall include:
>
> (1) A detailed comparison of the services provided to the affected area and the services to be provided after such action;
>
> (2) Any recent or expected modernization of National Weather Service operations which will enhance services in the affected area; and
>
> (3) Evidence, based upon operational demonstration of modernization of National Weather Service operations, which supports the conclusion that no degradation in services will result from such action."

We believe the Congress intended that any such certification be based on specific analysis of the office in question. However, it has come to our attention that NOAA may be planning to use general conclusions based on its Modernization and Associated Restructuring Demonstration (MARD) program to develop a "generic certification".

For example, pages NOAA-167 of the FY 1991 NOAA Budget Justification book states:

> "A formal MARD evaluation program is planned to take place in parallel with the formal demonstration to provide results for the certification process. The Secretary of Commerce must certify that no service degradation will occur in areas served by offices that are to be consolidated as part of national implementation of modernization and associated restructuring. As specified in Public Law 100-685, the results of MARD will be critical evidence for this certification."

Moreover, an undated memorandum from NOAA entitled, "Certification Public Law 100-685 Notification of Significant Events" states that:

> "When all the actions have been completed so that a WSFO or WSO can be closed, consolidated, automated, relocated the Regional Director will prepare a Certification Statement and send it to National Weather Service Headquarters. National Weather Service Headquarters will provide the Regions with documentation which includes evidence based on a multi-station operational demonstration which supports the conclusion that no degradation in services will result from modernization. The evidence to be provided will be defined in the multi-station demonstration plan. The Regions will site [sic] this evidence as part of their Notification of Certification and Certification Statement."

This memorandum, at the very least, makes it appear as if the "evidence" will be an after-the-fact support for a decision to close an office. We feel it may be worse, in that the entire process to certify that no services will be reduced due to an office closing may become a pro-forma generic paper shuffle rather than a true analysis as the Congress intended.

We believe that the Congress clearly envisioned that NOAA would engage in a detailed review on a station-by-station basis. Since each Weather Service Office and Weather Service Forecast Office provides unique and specialized services to each community, the use of generic certification statements is inherently deceptive and probably will conceal any loss of services to the public when NOAA closes the 135 or more WSOs and WSFOs planned for phase-out.

Mr. Chairman, we seek your assistance with one final matter, that is, to rescind a NOAA plan that is drastically reducing marine forecasts and satellite analysis quality in the western United States. I refer to the "High Seas-Satellite Plan," which would move high-seas forecasting from San Francisco to Washington, D.C.; and has already moved satellite interpretation functions for the west coast to an office in Kansas City. The vast majority of clients for marine forecasting and satellite interpretation, which include shipping, farming, logging, mining, fishing and transportation interests in the western states, have lost or are about to loose the full-line of services now offered by the San Francisco Weather Service Forecast Office.

In conclusion, Mr. Chairman, we appreciate your continued suppport for the National Weather Service employees and the services we provide for the American public.

CERTIFICATION
PUBLIC LAW 100-685

NOTIFICATION OF SIGNIFICANT EVENTS

PUBLIC LAW 100-685 REQUIRES THAT THE SECRETARY OF COMMERCE CERTIFY TO THE CONGRESS THAT CLOSURE, CONSOLIDATION, AUTOMATION OR RELOCATION OF ANY WSO OR WSFO PURSUANT TO IMPLEMENTATION OF THE STRATEGIC PLAN WILL NOT RESULT TIN ANY DEGRADATION OF SERVICES TO THE AFFECTED AREA. SUCH CERTIFICATION SHALL INCLUDE:

FACILITIES:

- BUILD
- OCCUPY
- RELOCATE

STAFFING:

- DECREASE STAFF
- ADD STAFF

OPERATIONS AND SERVICES:

- DECREASE HOURS OF OPERATION
- CONTRACT
- TRANSFER FORECAST/WARNING RESPONSIBILITY
- INTRODUCE NEW SERVICES

OLD TECHNOLOGY (RELOCATION/DECOMMISSION):

- RADAR
- UPPER AIR
- NOAA WEATHER RADIO
- AFOS
- OBSERVATION EQUIPMENT
- SURFACE/HYDRO

NEW TECHNOLOGY (COMMISSION):

- NEXRAD
- ASOS
- PROFILERS
- AWIPS
- CLASS VII COMPUTERS

Certification Process

Public Law 100-685 requires that the Secretary of Commerce certify to the Congress that closure, consolidation, automation, or relocation of any WSO or WSFO pursuant to implementation of the Strategic Plan will not result in any degradation of services to the affected area. Such certification shall include:

- o a detailed comparison of the services provided to the affected area and the services to be provided after such action;
- o any recent or expected modernization of National Weather Services operations which will enhance services in the affected area; and
- o evidence, based upon operational demonstration of modernized National Weather Service operations, which supports the conclusion that no degradation in services will result from such action.

The first step in the certification process is informing the congress and all users of agency services why certification is required, what the certification process will be, and when certification will occur. This document will be the vehicle employed to inform the congress. All users of agency services will be informed of the certification process in accordance with the National Weather Service External and Internal Coordination Plan.

Each year the Regions will provide to National Weather Service Headquarters:

- o Notification of Significant Events to National Weather Service operations which will result from modernization during the following three years. Changes will include five basic areas:
  - Facilities
  - Staffing: position transfers
  - Programs: changes and reassignments
  - Old Technology: relocation or decommissioning
  - New Technology: installation, and commissioning
- o Notification of Intent to Certify services to areas which will be affected by Weather Service Offices or Weather Service Forecast Offices which will be closed, consolidated, automated, or relocated during the following three years. This Notification will include:
  - the source for evidence from demonstrations which supports the conclusion that no degradation in services will result from modernization. This evidence will be defined in the Demonstration Plan;

- a list of Site Implementation Plans which contain a detailed comparison of services provided to the affected area(s) before and after such action; and
- a list of Site Implementation Plans which contain the list of modernization of National Weather Service operations which will enhance services in the affected area(s).

When all the actions have been completed so that a WSFO or WSO can be closed, consolidated, automated, relocated the Regional Director will prepare a Certification Statement and sent it to National Weather Service Headquarters. National Weather Service Headquarters will provide the Regions with documentation which includes evidence based on a multi station operational demonstration which supports the conclusion that no degradation in services will result from modernization. The evidence to be provided will be defined in the multi station demonstration plan. The Regions will site this evidence as part of their Notification of Certification and Certification Statement.

Each year the National Weather Service Headquarters will update and provide to the Secretary of Commerce the National Implementation Plan which includes:

- o Notification of Significant Events which will occur in the Regions during the following three years; and
- o Notification of Intent to Certify for all affected areas in the Regions during the following three years.

Upon receipt of the National Implementation Plan the Secretary of Commerce will then present the document to the congress.

When the Assistant Administrator for Weather Services receives a Certification Statement he/she will endorse the statement and deliver it to the Secretary of Commerce. The Secretary of Commerce will endorse the statement and deliver it to the Congress.

DEFINITIONS:

Weather Service Forecast Offices (WSFO) - These are the backbone of the present field operating structure. They provide main public, marine, and some aviation forecast support for a state or the major part of a state. They also provide area- or state-wide weather warning service.

Weather Service Offices (WSO) - These offices provide weather warning support for local severe storms affecting their area of responsibility. They also provide some limited local forecasting and many are involved in data acquisition activities such as collecting surface, upper-air, and radar data.

Weather Service Meteorological Observatories (WSMO) - These are primarily data acquisition offices collecting surface, upper-air, and radar data.

Weather Forecast Offices (WFO) - These will be the backbone of the modernized National Weather Service. The professionally staffed offices will utilize modern technology to provide the total forecast and warning service to an area of responsibility covering parts of states. The technology will include Next-Generation Radar (NEXRAD), Advanced Weather Interactive Processing Systems (AWIPS), and Automated Surface Observing Systems (ASOS).

Mr. **Smith**. Thank you for your testimony.

Are there any questions?

Mr. **Rogers**. No.

Mr. **Smith**. Thank you again, Mr. Quadros.

At this point in the record we will include additional testimony submitted for the record regarding national weather service programs at the Department of Commerce.

[The information follows:]

Statement of the Colorado River Board of California
House Committee on Appropriations
Subcommittee on Commerce, Justice, State,
the Judiciary and Related Agencies
Hearings on Appropriations for FY 1991

Submitted April 6, 1990

The President's proposed 1991 federal budget includes $300,000 for the operation and maintenance of the National Weather Service's Colorado River Flood Warning System. This level of funding is less than one-half that needed annually to provide for the full operation and maintenance of the System.

Following the acquisition and installation of the $2.7 million System in 1985, Congress appropriated the full level of funding, $650,000, required for the annual operation and maintenance of the System only for the two subsequent years, 1986 and 1987. With reduced levels of funding appropriated for the System operation and maintenance since 1987, the National Weather Service has been forced to make drastic cuts in the maintenance of the field equipment. While it is not unreasonable to assume that some level of deferred maintenance would not jeopardize the short-term operation of the System, the cumulative effects of four years of reduced levels of maintenance could threaten the integrity and long-term capability of the entire Flood Warning System.

While the System was installed following the 1983 high Colorado River flows, it was recognized that there was a need for a comprehensive program to improve the water supply forecast capabilities as well as the flood forecast capabilities for the Colorado River Basin in order to provide for effective river management. With the Colorado River Basin experiencing its third consecutive year of substantially below average runoff this year and California facing reduced deliveries from the Colorado River, the importance of being able to make accurate forecasts of Basin runoff is of great value in operating the Colorado River reservoir system to make full and effective use of the available water supplies.

The Colorado River Board of California, the State agency charged with protecting the interests and rights of the State, its agencies and citizens in the water and power resources of the Colorado River system, has consistently supported the full annual funding in the amount of $650,000 for operation and maintenance of the highly beneficial and vital Colorado River Flood Warning System.

Accordingly, we respectfully requests this subcommittee's assistance and leadership in securing the $650,000 required in 1991 for the full operation and maintenance of the National Weather Service's Colorado River Flood Warning System and ensuring that sufficient funding is provided in the future for its continued operation.

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April 6, 1990

BY MESSENGER

Mr. John Osthaus
Subcommittee on Commerce, Justice, State
and Related Agencies
House Committee on Appropriations
H-309 Capitol Building
Washington, D.C. 21515

Dear Mr. Osthaus:

As instructed by Mr. Mike Ruiz, I submit the attached written testimony by the Colorado River Board of California on the FY 1991 appropriations for the Departments of Commerce, Justice, State and related agencies for inclusion in the hearing record.

Thank you for your consideration.

Sincerely,

Thomas Wilcox

Thomas W. Wilcox

enclosure

THURSDAY, MARCH 29, 1990.

NOAA, MARINE SANCTUARIES PROGRAM

WITNESS

HON. MEL LEVINE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Mr. SMITH. Next we have our colleague, Congressman Mel Levine.

Mr. LEVINE. Mr. Chairman and members, I appreciate the opportunity to testify today. I know that you have a very ambitious witness list, and so I will try to be very brief and get right to the point.

I am here today, once again, on behalf of the National Marine Sanctuaries Program to ask that it be funded at its authorized level of $5.5 million. I would like to say that this program is one of NOAA's best kept secrets. Though not widely known, the Marine Sanctuaries Program is essentially our one and only park program for the ocean. Under it, capitalizing on NOAA's expertise, we have the opportunity to identify and forever protect the national treasures that live beneath our oceans.

The program is so significant to ocean protection that last year 33 Members from around the country joined in supporting full funding, when at the time the program had only seven sanctuaries in its entire national scope.

Now, as a result of the additional funding that your subcommittee and committee ended up providing, NOAA has already designated one new sanctuary and plans to designate four others this year. After languishing for close to a decade, the program is finally coming into its own, thanks in no small part due to the efforts of your subcommittee.

This year, the Administration, recognizing the program's potential, has asked for $200,000 over last year's $3.1 million funding. Unfortunately, even with $3.3 million, staff at NOAA maintain that they cannot manage the eight existing sanctuaries along with the four new ones. Nor can they meet the other fiscal year 1991 Congressionally mandated deadlines for new site review and designation.

Next year, NOAA is to initiate and/or complete the designation process for three sites, complete studies on four other sites, and conduct a comprehensive review of its entire candidate list.

In its reauthorization two years ago, Congress calculated the actual costs of these activities: program-wide management, and Washington-based site review to be $2 million; management of the 12 sanctuary programs to be $3 million; and completion of the designation and study documents to be $55,000. Most parties, I believe, are in complete agreement that these calculations were quite conservative. For this reason, I respectfully suggest that funding at the authorized level of $5.5 million is very important.

I know, as always, that many demands are going to be placed upon your allocation, and I hope that in this context it will be possible to provide the marine sanctuaries program the funding it needs to fulfill the mandate that we in the Congress gave it two years ago.

[The prepared statement of Mr. Levine follows:]

TESTIMONY OF THE HONORABLE MEL LEVINE

MARCH 29, 1990

BEFORE THE HOUSE APPROPRIATIONS SUBCOMMITTEE ON
COMMERCE, JUSTICE, STATE AND THE JUDICIARY

MR. CHAIRMAN THANK YOU FOR THE OPPORTUNITY TO TESTIFY TODAY. I KNOW THAT YOU HAVE AN AMBITIOUS WITNESS LIST AND SO I'LL GET RIGHT TO THE POINT AND TRY TO BE BRIEF.

I AM HERE TODAY, ONCE AGAIN, ON BEHALF OF THE NATIONAL MARINE SANCTUARIES PROGRAM TO ASK THAT IT BE FUNDED AT ITS AUTHORIZED LEVEL OF $5.5 MILLION.

I LIKE TO SAY THAT THIS PROGRAM IS ONE OF NOAA'S BEST KEPT SECRETS.

THOUGH NOT WIDELY KNOWN, THE MARINE SANCTUARIES PROGRAM IS ESSENTIALLY OUR ONE AND ONLY PARK PROGRAM FOR THE OCEAN. UNDER IT, CAPITALIZING ON NOAA'S EXPERTISE, WE HAVE THE OPPORTUNITY TO IDENTIFY AND FOREVER PROTECT THE NATIONAL TREASURES THAT LIE BENEATH OUR OCEANS.

THE PROGRAM IS SO SIGNIFICANT TO OCEAN PROTECTION THAT, LAST YEAR, 33 MEMBERS FROM AROUND THE COUNTRY JOINED IN SUPPORTING FULL FUNDING, WHEN, AT THE TIME, THE PROGRAM HAD JUST SEVEN SANCTUARIES.

NOW AS A RESULT OF THE ADDITIONAL FUNDING YOUR COMMITTEE PROVIDED, NOAA HAS ALREADY DESIGNATED ONE NEW SANCTUARY AND PLANS TO DESIGNATE FOUR OTHERS THIS YEAR.

AFTER LANGUISHING FOR CLOSE TO A DECADE, THE PROGRAM IS FINALLY COMING INTO ITS OWN - THANKS IN NO SMALL PART TO THE SUPPORT OF YOUR SUBCOMMITTEE.

THIS YEAR, THE ADMINISTRATION, RECOGNIZING THE PROGRAM'S POTENTIAL, HAS ASKED FOR $200,000 OVER LAST YEAR'S FUNDING LEVEL OF $3.1 MILLION.

UNFORTUNATELY, EVEN WITH $3.3 MILLION, STAFF AT NOAA MAINTAIN THAT THEY CANNOT MANAGE THE EIGHT EXISTING SANCTUARIES ALONG WITH FOUR NEW ONES.

NOR CAN THEY MEET THE OTHER FY91 CONGRESSIONALLY-MANDATED DEADLINES FOR NEW SITE REVIEW AND DESIGNATION.

NEXT YEAR, NOAA IS TO INITIATE AND/OR COMPLETE THE DESIGNATION PROCESS FOR THREE SITES, COMPLETE STUDIES OF FOUR OTHER SITES, AND CONDUCT A COMPREHENSIVE REVIEW OF ITS ENTIRE CANDIDATE LIST.

IN ITS REAUTHORIZATION TWO YEARS AGO, CONGRESS CALCULATED THE ACTUAL COSTS OF THESE ACTIVITIES:

PROGRAMWIDE MANAGEMENT, AND WASHINGTON-BASED SITE REVIEW - $2 MILLION, MANAGEMENT OF THE 12 SANCTUARIES - $3 MILLION, AND COMPLETION OF DESIGNATION AND STUDY DOCUMENTS - $55,000.

MOST PARTIES AGREE THAT THESE CALCULATIONS WERE CONSERVATIVE. FOR THIS REASON, FUNDING AT THE AUTHORIZED LEVEL OF $5.5 MILLION IS VERY IMPORTANT.

I KNOW, AS ALWAYS, MANY DEMANDS WILL BE PLACED UPON YOUR ALLOCATION. I HOPE IN THIS CONTEXT IT WILL BE POSSIBLE TO PROVIDE THE MARINE SANCTUARIES PROGRAM THE FUNDING IT NEEDS TO FULFILL THE MANDATE CONGRESS GAVE IT TWO YEARS AGO.

Mr. **Smith**. Thank you very much. As you indicated, we do have a lot of demands, but we will try to work with you.

Mr. **Rogers**. Has that program been authorized?

Mr. **Levine**. Yes, it has.

Mr. **Rogers**. Is it authorized for this year?

Mr. **Levine**. It is a $5.5 million authorization, and I don't know if it carries over to this year. I think it does. I will check it out.

Mr. **Rogers**. Do you think it is multi-year authorization?

Mr. **Levine**. I know the last authorization was $5.5 million. Yes, it is a multi-year authorization.

Mr. **Rogers**. How long is it?

Mr. **Levine**. I think it is three years.

Mr. **Rogers**. And we are in what year of the three?

Mr. **Levine**. I think we are in the second year.

Mr. **Rogers**. And funding last year was how much?

Mr. **Levine**. $3.1 million.

Mr. **Rogers**. What was the authorization last year?

Mr. **Levine**. $5.5 million.

Mr. **Rogers**. I see. Thank you.

Mr. **Smith**. Thank you for your testimony.

Thursday, March 29, 1990.

NATIONAL TELECOMMUNICATIONS AND INFORMATION ADMINISTRATION

WITNESS

SANDRA H. WELCH, KENTUCKY EDUCATIONAL TELEVISION, ON BEHALF OF NATIONAL ASSOCIATION OF PUBLIC TELEVISION STATIONS

Mr. **Smith**. Mr. Rogers.

Mr. **Rogers**. Mr. Chairman, the next witness is a friend of mine, and a friend of the programs that this subcommittee works with, especially in the public communications arena. Sandy Welch, would you come forward?

Sandy is with Kentucky Educational Television, and she is here on behalf of the National Association of Public Television Stations to discuss with us the NTIA budget request.

Kentucky Educational Television, Mr. Chairman, is one of the best in the country. I would say the best, but I don't want to step on toes in this room.

Ms. **Welch**. There might be someone from Iowa here. [Laughter.]

Mr. **Rogers**. Yes. But the Kentucky network does blanket the State. It is one of the few that completely covers the State. They do excellent work, and we have had a chance to work with them very closely in my district on education reform and GED graduation rates. Sandy has been at the forefront of that, and I am very honored that she is with us today.

Mr. **Smith**. Glad to have you.

Ms. **Welch**. Thank you. I am also here to represent the National Association of Public Television Stations, and my colleagues in 341 stations across the United States, to encourage you to consider fully funding the public television facilities program in fiscal year 1991 at the authorized $42 million level.

Just to re-emphasize some of Mr. Rogers' points, we are trying to provide solutions to some of the same problems that you are trying to provide to the folks back home. We are trying to use these facilities to teach adults to read. We've got 23 million people in this country who are illiterate. We've got many people who can read but never graduated from high school and are being seriously restricted in their ability to find and keep jobs in this country. We are producing and broadcasting and supporting the efforts in these areas particularly.

One of the most heart-warming parts of my job is getting a telephone call and a letter from the elderly, particularly those in the rural areas of our State, who tell me what a blessing it is to have had the opportunity to see a concert or a play, or to get the news through public television, which oftentimes is the only way many of these people have access to resources like that.

Through our outreach efforts, we have recently addressed the issue of AIDS, of drug and alcohol abuse, and this year we are focusing on the environmental issues and concerns in our country.

To make it a little bit more personal, in Kentucky this program, the Public Television Facilities Program, helped us build the network that, as Hal says, now reaches every home in our State. It helped match the State dollars that we have available to put the transmitters up, and during the decade of the 1980's it has just been critical to us in helping us to replace aging and worn-out equipment, production equipment.

So, in summary, I would again like to say that this program has not only been important in terms of the dollars it has provided, but it is an important incentive for us to work harder back home. When I go before my State legislative appropriations committee and ask them for the money for master control routing switchers and M-2 machines and specialized testing equipment, their eyes sort of glaze over because no one knows what that stuff is. But everybody knows that when they turn on their television set and they tune in to their public television station to get these important programs, they want it to be there. It is important that this program exist for the incentives that provide our State legislators to match these dollars, almost as it is the dollars themselves. But the dollars, too, are important.

This year, 125 stations around the country have sent in their applications to this program for facilities that will cost over $44 million. Another 30 stations have requested about another $14 million for non-broadcast equipment facilities as well. As you know, last year the program only had about $18.5 million.

So, again, I just wanted to emphasize this program has worked. It is important to have it continue, and hopefully, too, you will give serious consideration to appropriating at the full authorized level.

Thank you.

[The statement of Ms. Welch and additional information follow:]

KUAT 6

WKAR TV 23

15

WSWP TV

NJN

Public TV: Part of the Solution

National Association of
Public Television Stations

Testimony of Sandra H. Welch
The Kentucky Network

before the

Subcommittee on Commerce, Justice, State
and the Judiciary and Related Agencies
Committee on Appropriations

United States House of Representatives
March 29, 1990

KET
The Kentucky Network

33 WPSY

WGBH

49

AETN

channel 25
WVIZ-TV

4 TV

Iowa Public Television

KAET

WNPB

Public Television – Part of the Solution

Mr. Chairman, public television means solutions. What you see on your screen at night is only one aspect of a wide variety of services provided by public television stations.

Every dollar this subcommittee appropriates toward the fully-authorized amount for the Public Telecommunications Facilities Program is a dollar invested cost-effectively in helping your constituents solve problems at the national and local level.

Widespread delivery of public television programming has long been a national public policy goal. **The National Association of Public Television Stations, on behalf of the 341 public television stations across the country, urges this subcommittee to appropriate the fully-authorized amount of $42 million for the Public Telecommunications Facilities Program (PTFP) in fiscal year 1991 to guarantee continuation of this policy.**

Public Television Provides a Strong Return on Investment

The Public Telecommunications Facilities Program has, for nearly 30 years, enabled the growth and development of a nationwide public television service that has made high-quality programs and services available to Americans at home, in classrooms and in the workplace. A matching grant program administered by the National Telecommunications and Information Administration (NTIA) at the Department of Commerce, PTFP provides for the replacement and upgrading of existing station facilities and construction of new facilities in unserved areas. By matching federal dollars with local support, PTFP has been a major factor in enabling public television stations to reach 94 percent of the population with an over-the-air signal.

Public television's ability to build its telecommunications system would not have been possible without the leveraging incentive and support of the Public Telecommunications Facilities Program. PTFP funds helped build the original system of transmitters and production equipment that has made America's public television available to viewers in the most remote areas of the country. Since 1962, public television stations across the country have proven time and again their success at matching the federal government's commitment of funds for their equipment needs with local dollars.

Continued Funding is Needed to Protect the Investment

Building stations, however, does not end the challenge of getting and keeping public television on the air. Though PTFP still continues to receive many more applications than it can fill, attention should turn now from simply increasing the number of stations to ensuring that programming on existing stations will continue to be carried. Many of our stations were built and went on the air 25-30 years ago. We expect major transmission equipment replacement needs to rise steadily over the next several years since the estimated life expectancy of a transmitter is fifteen years. Many of the stations' transmitters are long past this age and their replacement is becoming ever more critical.

The total replacement value of the public television industry's broadcast facilities and equipment is currently more than $1.65 billion. The federal government has contributed approximately 25 percent of the cost of this equipment. Without continued federal support the quality of services the public has come to expect from public television will not be possible. We need your commitment to preserve the past years' investment and to keep our current system operating.

This year, PTFP received 297 applications for the competitive matching grants totalling $72.25 million – four times the $18.5 million in available funding for fiscal year 1990. Applications from 125 public television stations requested $43.9 million, and an additional 30 stations requested a total of $13.5 million for important non-broadcasting uses. Fulfillment of those requests would help to guarantee the public's continued access to high-caliber public television programs. While individual PTFP grants may finance up to 75 percent of equipment costs, the federal contribution typically constitutes 50 percent of the cost for eligible equipment items on successful applications with the licensees providing the remainder of the funds.

Public Television is a Critical Education Instrument

As America moves further into the information age, the need for universal access to voice, data and video services will become increasingly urgent. When it comes to delivering critical services, particularly in the area of information and instructional programming, no other medium rivals public television's track record. In providing educational services, public television's efforts extend beyond the classroom by helping adults achieve literacy, their high school equivalence or acquire new skills that help prepare them for tomorrow's workplace. Public television stations are included in statewide telecommunications networks designed to improve government productivity and lure new businesses.

Public television has become synonymous with high quality programming that educates, informs and entertains. Public broadcasting's efforts to provide alternative programming have resulted in a wide array of choices for audiences interested in substantive television programs. In addition to the major national producing stations, public television stations across the country are producing programs and offering services that meet the diverse needs of their local audiences, needs which often transcend state and regional boundaries.

Station Uses of PTFP Funds

Public television stations need high-quality production equipment if they are to produce programs that serve national as well as local needs. For example, in October KUAT, Tempe, will distribute a 13-part series *The Desert Speaks*, which will inform thousands of people about the desert and the importance of protecting our environment. KUAT's production equipment is aging and does not allow stereo production, which is now required by PBS for all nationally-distributed programs. The station is applying for two PTFP grants totaling $75,775, which will solve this problem and provide new cameras, videotape recorders and consolidate their remote control and monitoring facilities to allow them to meet the standards for national distribution.

Kentucky Educational Television operates the largest public television network in the nation, serving 3.6 million residents and 98 percent of the state's elementary and secondary schools. To continue its services to the people of Kentucky, KET is requesting funds to replace obsolete production equipment, including its 20-year-old testing gear.

Smaller stations often have a particularly difficult time aggregating funds for capital expenditures. WKAR, East Lansing, has applied for a grant to replace three cameras. These 17-year-old models are almost three times past the camera's life expectancy of six years and are totally outmoded.

KLRU, Austin, has applied for a grant to install stereo equipment that would allow the station to meet national production standards. In addition, stereo capability would permit the station to broadcast simultaneously in English and Spanish to better serve Austin's large Hispanic population. KLRU has long been a producer of programs for the national schedule as well as for regional and local audiences.

In addition to production equipment, PTFP grants continue to extend service to unserved areas, many rural and some in populous eastern states such as New Jersey where signals need to be extended around mountains. The New Jersey Network is requesting funds for translators which will enable citizens in parts of the state now unable to receive the network's signal to take advantage of NJN's services – instructional television for elementary and secondary schools, college credit courses, and the state's only daily news coverage. Translators have been identified by a recent NTIA study as the most cost-effective way to extend service to unserved areas.

In Arkansas, the state network is requesting funds from PTFP to replace an old transmitter with a new Klystrode model, which would pay for itself in five years by drastically reducing electric costs, a concern in many economically hard-hit areas of the country.

PTFP grants have been critical in extending educational services to citizens who most desperately need them. In 1989, South Carolina ETV received a grant to construct a four-channel ITFS system. This service will provide all the secondary public schools in Marlboro County with seven hours daily of instructional programming. The county has a great need for improved instruction since its SAT scores have been below the national average for the past three years. The system also will provide adult education programs after school hours in an effort to reduce the illiteracy problems of the area by offering GED and other adult learning courses.

Public Television – An Investment in our Country's Future

While we understand the realities of the federal budget, we feel that it is important to state the opportunities for public television to serve the nation with adequate federal funding. An investment in public television is an investment in the educational and social well-being of our country.

We hope that this subcommittee and this Congress will recognize the value of the investment in public television and make a commitment to its increasing role in achieving the public policy objectives obtainable from this medium. We respectfully urge this subcommittee to appropriate the fully authorized amount of $42 million to PTFP in 1991.

PUBLIC RADIO IN THE 1990S
FULFILLING THE PROMISE

THE REPORT OF
THE PUBLIC RADIO
EXPANSION TASK FORCE

JANUARY, 1990

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PREFACE

The entire question (and subsequent ramifications) of how public radio will expand in the 1990s is an important issue that deserves the close attention of the professionals in public radio today.

This report presents the results of thousands of hours of thought among public radio professionals on the future of public radio. The depth and breadth of the contributions by people across the nation only made the work of the Task Force members more complex. No bad ideas were offered. None of the ideas offered could be easily discarded or omitted.

Public radio has been expanding since the Public Broadcasting Act of 1967 created the term "public broadcasting" to replace the misunderstood term of "educational broadcasting." New stations appeared every year, but there was insufficient attention to systems or planned growth. A few short years after the Corporation for Public Broadcasting (CPB) was founded by Congressional mandate, it issued a plan for expansion of public radio. Naturally, the number of public radio stations increased and their varied services matured. Before long, the targets of the plan having been hit, attention shifted from expansion to system support and improvement. But public radio service was yet to be made available to many people, and services still foundered in some areas where they had been made available.

The Public Radio Expansion Task Force was convened in March of 1989, in the belief that it was again time to develop a systematic method of extending public radio services. The Task Force composition reflects the interests of both individuals and organizations, stations of various sizes, market and licensee differences, and diverse opinions on a myriad of subjects related to expansion. Six national organizations are represented on the Task Force, and seven station representatives come from across the country, together representing all sizes and types of licensees, many types of programming and target audiences, and stations that benefit from the federal support of public radio and those stations that do not.

The Task Force, all public radio stations, and organizations supporting public radio owe a debt of gratitude to the Carnegie Corporation of New York for funding many of the Task Force's expenses. The Carnegie Corporation has supported work that deals with the future of public broadcasting on several occasions, including the landmark study that provided much of the content of the Public Broadcasting Act of 1967. All the members of the Task Force join me in expressing our appreciation for the Carnegie Corporation's support.

The Corporation for Public Broadcasting also contributed to the Task Force's expenses and hosted most of our meetings.

While the Task Force was meeting from coast to coast with station representatives at national, regional, and state meetings, lots of people were working hard even if they were not always present or visible. As Chairman, I want to thank first Tom Thomas and Terry Clifford, of the Station Resource Group (SRG), for their extensive work in drafting various versions of the Task Force's report. Their untiring efforts to capture our rambling consensus on paper provided immeasurable help in keeping the Task Force moving toward a deadline that always seemed too near. SRG also secured and administered the funding from the Carnegie Corporation on behalf of the Task Force.

Rich Eiswerth of National Public Radio (NPR) served as Recording Secretary for our meetings. His work was notably helpful, but may prove even more so in the future if an historian decides to look back on what was done. Ted Coltman of CPB provided significant assistance to the Task Force with research help, both new and revisited.

Many others helped the Task Force move toward its final report. The stations provided too many good ideas, deep concerns, and difficult questions. The regional organizations provided scheduled times in busy agendas and a forum for gathering data. National organizations did likewise, as well as providing representatives to serve on the Task Force.

The Task Force appreciates the help of Jaquelyn Nixon of NPR and Salvina Cappello of CPB with respect to audience research, Jeff Tellis and John Murphy of the Intercollegiate Broadcasting System (IBS) for their vigilance in keeping the Task Force aware of the concerns of their member stations, and Rich McClear who represented Alaska Public Radio Network at several of our meetings. We also thank Alma Long at NPR, who helped with meeting logistics, and Rebecca Hartman of CPB, who helped with logistics and took care of our needs during several meetings at CPB. I'm certain that not all who helped have been named here, but to all the others – your help is appreciated.

The opportunity provided by the timing and interest in this issue is rarely found or recognized. The opportunity exists to have a full, robust discussion within the public radio system, and then build unanimous support for the result. Rarely has any subject in public broadcasting had the chance for unanimous support and none has achieved it. We hope to start a new trend toward consensus and broad support of important system issues.

DALE K. OUZTS
Chairman

SUMMARY

Public radio has emerged as a vital information resource for our nation and a fundamental institution in American culture. By embracing a wider universe of stations, producers, and supporters, and by reaching broadly across the diversity of our multicultural society, public radio can fulfill its early promise and expand the initial vision of service to the American people.

We see a public radio system of nearly 600 stations by the year 2000 – major producing stations, scores of full-service stations that present a mix of local and national programming, operations on a smaller scale that extend the reach of the national networks, and dozens of repeater facilities that take public radio into outlying areas. We see a weekly audience of 20 million listeners.

Goals. Four goals for public service encourage an accelerated effort to continue public radio's growth:

- *Achieving full national coverage* – we believe it is possible to reach 95 percent of the population by 2000, a 10 percent increase in coverage to a level of service now enjoyed by public television.

- *Increasing the effectiveness of existing stations* – by improving the quality, presentation, and scheduling of current programming, and developing new "centerpiece" programming, we believe current stations can increase their weekly audience by 35 percent.

- *Realizing greater efficiencies from current resources* – by bringing additional stations into the public radio satellite network, public radio can increase the efficiency of national programming investments, reach a significant number of new listeners, and spread national programming and interconnection costs over a larger base of stations.

- *Enhancing the diversity of the audience* – with a disciplined and sophisticated programming strategy, including new programming streams and multiple stations in larger communities, public radio can reach more broadly into society and serve listeners now at the periphery of public radio's audience.

Recommendations. Our expansion strategy is premised on protecting and sustaining the accomplishments of the past twenty years. The greatest resource for public radio's future is the system already in place – the more than 300 stations that now reach 85 percent of the population, that raise $225 million in nonfederal support, and that serve 13.3 million listeners each week with local and national programming of the highest quality.

Building on this foundation, we have developed recommendations for a variety of national efforts to expand public radio's service. The central theme is a focus on public radio's capacity to serve its audience. We sought to move from a tally of new stations or a compilation of coverage to a plan that best brings public radio programming into the lives of as many Americans as possible.

- Existing stations and producers must be strengthened with continued investments in core programming, facilities, training, research, and promotion.

- The system must be enlarged through wider participation in the satellite network, new signals for unserved areas, assistance for stations that are upgrading to full-service standards, and limited financial support for stations pursuing public service objectives on a more limited scale.

- The system must be diversified through research to identify new service niches for public radio, major new streams of programming, and special support for minority stations.

- The expansion effort must be guided and enhanced by the evaluation of public radio's evolving audience, studies to target communities for additional service, regulatory action to increase spectrum efficiency, new training initiatives, outreach to generate needed support in the public and private sectors, and ongoing coordination of national and local activity.

Costs. Not all of the Task Force recommendations require major new funding. Some can be implemented at little cost. Others can be initiated with modest diversions of existing funds. But if the continued growth of the current system is to be protected, the broad vision of a larger, more diverse public radio service will be realized only with new resource commitments from America's public and private sectors.

Our estimates of funds needed to implement our recommendations over the next five years include $11.2 million for station support grants, $3.6 million for new initiatives in research, training, and system-wide projects, and $1.6 million to expand the satellite network. The most costly recommendations are for new national programming, which require up to $46.5 million over the next five years.

I. CONTEXT

The Public Broadcasting Act of 1967 called for a national system of public radio stations to serve the entire country. Congress envisioned a partnership of federal support and local initiative to construct and sustain a diversified system of independent, noncommercial stations serving their communities with local and national programming of the highest quality.

In 1970, the Corporation for Public Broadcasting (CPB), created by that legislation, launched the nation's modern public radio system with its first grants to noncommercial, educational stations. CPB's initial grants were claimed by some 80 stations, too few to reach a large portion of America. The stations were seriously underfunded, collectively generating only $10 million in state and local support. Most stations broadcast no more than 12 hours a day, made do with two or three employees, and, together, served fewer than 2 million listeners per week.

The physical construction of a nationwide system was supported through a federal facilities grant program, initially located at the Department of Health, Education and Welfare, and now a part of the National Telecommunications and Information Administration (NTIA) within the Department of Commerce. Beginning in 1969, federal matching grants have paid a major portion of the hardware costs for public radio stations nationwide.

The past two decades have been a remarkable story of growth in public service. CPB now supports more than 300 stations that make programming available to 85 percent of the country. Stations have developed full-service schedules, built professional staffs and volunteer support, and raise $225 million in nonfederal funds that, with $60 million in federal support, fuels their efforts.

A satellite network delivers an outstanding repertoire of programming from National Public Radio (NPR), American Public Radio (APR), and scores of stations and independent producers. This national material, together with the local programming that constitutes the majority of most station's schedules, comprises a service of increasing quality and effectiveness. By early 1989, public radio each week served one listener in fifteen, 13.3 million Americans in all.

For all that has been accomplished, many of public radio's aspirations have yet to be achieved. Millions of listeners still have no access to a public radio signal. Where public radio is available, millions more find that current programming does not speak to their needs, interests, and tastes. Those who do listen are concentrated in relatively narrow segments of our society.

Much of public radio's national programming goes unheard in many communities – there is just not enough time on one or two station's schedules in which to place it. And without a critical mass of outlets, programs that have been launched with major public and private sector grants are at risk as they seek to make a transition to long-term station-based support.

At the local level, most stations have only begun to realize their potential for community service, for engagement and true impact in social and cultural affairs. Many are still far short of the skilled staff and fiscal support needed to produce and present programming that consistently meets their own high expectations.

Looking ahead, public radio is entering the 1990s with substantial momentum for expansion and growth already at work. Without a single change in current policy, at least 50 additional stations are likely to qualify for the Corporation for Public Broadcasting's Community Service Grants (CSGs) over the next ten years. Another 50 stations are likely to affiliate with public radio's national programming organizations and become a part of the satellite interconnection system.

Less certain, but also highly probable, is continuing growth in the number of people served by public radio, largely through the efforts of existing outlets. For the past several years public radio has given special attention to audience growth, and such efforts will remain a high priority for system investment for several years to come.

Finally, natural market forces will lead those stations in communities served by two or more public stations toward differentiation in their programming, from which some diversification of audiences will follow.

This growth and diversification would be no small accomplishment. The fact that such growth would occur under current policies reflects the strength and vigor of the nation's public radio system.

We believe that public radio can do more than let momentum take its course. With close attention to shared goals, modest changes in funding and regulatory policy, and additional resources from the public and private sectors, public radio can shape and accelerate its growth to more fully realize the expectations of the Congress and the public radio system itself, and speed the provision of service to a broader segment of the American people.

WHAT IS EXPANSION?

The first issue for the Task Force was to outline the scope of our inquiry, to define, in effect, what public radio expansion means for the 1990s.

Public radio's expansion efforts have traditionally been driven by a combination of Congressional interest in extending signals to unserved areas and in minority participation, and pressure from stations outside the Corporation for Public Broadcasting's CSG program that hoped to share in CPB's annual support. As a consequence, for almost two decades, public radio expansion principally translated as starting new stations, upgrading the signals of existing outlets, and bringing additional stations into the CSG program.

The current expansion initiative clearly echoes these traditions. But it also introduces new themes that reflect several important developments of the past few years.

In 1986, public radio focused its collective attention on efforts to increase the size of its national audience. The Radio Research Consortium, National Public Radio, and other national organizations called on stations to give high priority to a wide range of audience building efforts, and CPB devoted significant funds to the effort. The audience building effort has since touched almost every aspect of the public radio enterprise, from individual station scheduling to national programming investments. It was a central theme for the Task Force as well.

In 1987, public radio restructured the financing of its national programming. Millions of dollars that CPB had invested at National Public Radio were redirected to stations. Stations, in turn, took principal responsibility for financing NPR and other national programming. The shift to "grass roots" program financing encouraged stations to give close attention to the effectiveness of national programming, to the economies of shared investments, and to the benefits of spreading costs over a larger base of stations. It also gave national producers a strong incentive to increase the number of stations that are able to carry and pay for their programming.

In 1988, *Audience 88*, a comprehensive study of public radio programming and its audience, highlighted the linkage between specific kinds of programming and specific kinds of listeners. *Audience 88*'s findings suggested that if public radio is to reach new audiences, it will need new programming. *Audience 88* also underscored the benefits that accrue to stations that present programming with a consistent audience appeal – listeners listen longer and more often, they find the station more important, and they are more likely to support it financially. The extension of that analysis is that service to a variety of audiences can best be accomplished through several stations, each consistently serving a distinct audience segment.

The confluence of these developments – the emphasis on audience building, the new approach to financing of national programming, and *Audience 88*'s strategic implications – led the Expansion Task Force to a new definition of radio expansion. The central question, stated at the broadest level, is how, over the next decade, can public radio substantially increase the number and diversity of Americans it serves. In this framework, the traditional approach of building new stations and awarding more CSGs competes with many other options.

How does public radio most effectively increase the number of its listeners? By bringing new stations into the system? Through audience building efforts at existing stations in major markets? By finding additional stations to carry its best programs? By developing new "tentpole" programs?

How does public radio foster a more diverse audience nationwide? With an emphasis on more diverse station ownership and control? By concentrating on the geographic location of stations? With alternative national programming?

These are the questions that must be addressed in this broader formulation of the expansion issue. The Task Force worked at the level of national policy and initiative, rather than individual station problem-solving. We considered the financial feasibility of various options, and how a decision to invest in any particular option would affect the system's capacity to undertake other ventures.

WHAT IS THE PUBLIC RADIO SYSTEM?

The Federal Communications Commission has licensed 1400 noncommercial, educational radio stations. While Congress has defined all of these stations as "public radio," there are several major categories within the field:

- Some 400 noncommercial stations are devoted to religious broadcasting.
- Another 400 are operated principally by and for college or high school students, much like a student newspaper.
- Over 600 stations provide a nonsectarian service for the general public.

Most discussions of public radio, including the Task Force's inquiry, center on a subset of the latter group. For most of public radio's history, "the system" has meant a group of stations with a number of characteristics in common. They qualified for CPB's annual support grants. They received construction grants from the federal facilities program. They participated in public radio's interconnection system. They were members of NPR. They called themselves public radio. With a few exceptions, a station that had one of these traits had all the others, too. The terms CPB-qualified, NPR member, and interconnected station were essentially interchangeable and all synonymous with "the system."

As public radio has evolved, the constituencies with these key characteristics have ceased to line up in neat, congruent fashion. It is ever more difficult to define "the system" in simple terms. Nearly a fifth of the stations that qualify for CPB support are not members of NPR. Over a dozen stations participate in the interconnection system but do not receive CPB's grants. National Public Radio, American Public Radio, and the National Federation of Community Broadcasters each brings together stations both inside and outside many of these categories. For example, NPR and APR programming is heard on more than 130 stations that do not receive direct CPB support.

We must tear down the old mental walls that once rigidly divided those "in the system" from those who were not. Concurrently, we must craft new distinctions, reflecting different capacities and opportunities for public service in a changing public radio environment, that can guide future policy.

We have concluded that the public radio system of the future will be an increasingly diverse universe of stations, producers, and national organizations that share a broad commitment to public service programming for a general audience. At the same time, there will continue to be important differences among the stations and producers that comprise this larger, more loosely defined "system" – in terms of eligibility for funds, rights to programming, access to decision-making bodies, professional standing with peers, and assumptions regarding commitment to the public radio enterprise.

SETTING SERVICE GOALS

We affirm the high priority that public radio has always assigned to the goal of near-universal signal coverage. Recent studies by the National Telecommunications and Information Administration and the Corporation for Public Broadcasting helped us identify the remaining targets for coverage.

There are currently two types of populations without a public radio signal. A substantial number of people live near major population centers in which the lack of a signal is directly related to the lack of spectrum space. Other people live in sparsely populated areas which are difficult to cover from distant locations and which are unlikely to generate adequate operating funds locally. Creative technical and financial approaches are needed to assure coverage of these areas.

The more complex service issue is that signal coverage does not mean the service will be used. Public radio is like other social and cultural institutions, such as libraries, museums, and public concert series, which are available to the entire public, but which are used by only a portion of the population.

While acknowledging the limits on public radio's capacity to serve, as noted above, the Task Force continually returned to the objective of not only enlarging, but also diversifying public radio's reach into society. Our central strategy is one of multiple services, delivered through multiple stations in the country's major population centers.

The public radio system has already surpassed the number of stations needed to deliver a single service nationwide. But it has not yet reached the level that will sustain two or more distinctive services. If the Task Force recommendations are fully implemented, achieving that capacity will be one of the major results.

We did not adopt specific audience targets, but we believe it is especially important to develop programming that appeals to America's different racial and ethnic groups. This theme should be a dominant factor in public radio's investments over the coming decade. While public radio has had limited success with respect to minority service, it has great prospects for improvement.

PUBLIC RADIO'S MISSION

With the emphasis on audience growth, the exploration of new strategies for service, and the rethinking of "the system," the Task Force needed to address whether we also believed public radio should reassess its basic mission. We emphatically reaffirmed public radio's historic commitment to an educational public service: programming of quality and significance that challenges listeners and enriches their lives with in-depth information, the best of our nation's culture, and a responsive reflection of community and national concerns.

There are limits to public radio's reach that are implicit in that commitment. There are many in our society who will find that such a service, however implemented, has no interest or appeal. We accepted those limits, and set aside proposals that were defined principally in terms of serving groups for which public radio currently has little or no appeal.

Even so, the Task Force heard eloquent testimony to the opportunities that exist for public radio to realize its mission more fully through serving a more diverse audience. While remaining loyal to its mission and the important distinctions between public and commercial radio, there are many ways in which public stations can shape and refine their programming to make it more accessible and appealing to listeners now at the periphery of their audience.

II. OPPORTUNITY

An accelerated effort to continue public radio's growth provides the opportunity to realize four public service goals:

- Achieving full national coverage.
- Increasing the effectiveness of existing stations.
- Realizing greater efficiencies from current resources.
- Enhancing the diversity of the audience.

FULL NATIONAL COVERAGE

A significant portion of the U.S. population, about 15 percent, receives no public radio service. These listeners cannot receive a signal from any of the stations that are supported by the federal investment in public radio, or that are members or affiliates of one of public radio's major national organizations. Through a mix of new full-service stations, repeater stations, and translators, public radio must continue its efforts to assure that service is available to as many Americans as possible.

We believe public radio will achieve coverage of 90 percent of the nation over the next decade, assuming continuity of current efforts. With a sustained, system-wide commitment and full implementation of the recommendations in this report, it may be possible to reach 95 percent of the population by 2000, a level of service now enjoyed by public television.

In some areas, "first service" will be achieved through upgrading the staff, programming, and facilities of existing noncommercial stations to public radio's professional standards. Indeed, in a few cases this is the only currently feasible path – technical factors preclude establishing a new station. In most unserved areas, however, a new signal will be required.

We believe only a limited number of independent, full-service stations will be established in currently unserved areas. Instead, further coverage expansion will principally be accomplished through power increases for existing stations or rebroadcast of existing signals via repeater stations, Rocky Mountain Alternative Stations (repeater stations with some local origination), and translators.

There is a special urgency to this effort. The spectrum space needed for additional service is rapidly disappearing in many parts of the country. Interference protection required for Channel 6 television (which operates on frequencies adjacent to public radio) limits full use of the noncommercial band. An explosion in religious broadcasting stations, many of which are licensed on noncommercial frequencies, is consuming full-service channels at a rapid pace. A recent regulatory change, allowing creation of translator networks fed by satellite signals, will claim still more frequencies.

There is also a special challenge. Many of the areas still without a public radio signal are sparsely populated, without established organizations to develop a station, and with limited financial resources to support construction and operation. Public radio must move forward with especially careful attention to creative and cost-efficient solutions for additional coverage.

EFFECTIVENESS OF EXISTING STATIONS

While much of the growth in public radio's audience service has come from adding stations to the system, even more has come from the increased effectiveness of existing stations. From 1979 to 1989, the number of CPB-supported stations increased by 58 percent, but the number of public radio listeners grew by 271 percent. The average station's weekly audience grew from 25,000 to 43,000.

Many factors contributed to this increased effectiveness, including increases in power and other technical improvements, the introduction of high-impact national programs, the focusing of local program schedules, the sophisticated use of audience research and program evaluation, creative promotion and community outreach, and an overall increase in the professionalism of the enterprise.

As a maturing field, public radio cannot expect to duplicate the spectacular growth of the past decade – many of the most powerful and cost-effective solutions have already been applied. We are convinced, however, that there are numerous opportunities to strengthen and refine current services and further extend the effectiveness of the existing system.

Research prepared for the Task Force highlighted a number of communities in which public radio appears to be "underperforming" compared to audience service elsewhere in the nation. While these findings were only tentative and require further analysis, they point the way to targets for major growth.

By vigorously pursuing those things public radio does best, and investing in doing them better, we believe public radio can, over the next decade, increase the weekly audience for *current* CPB-supported stations by about 35 percent.

Attaining this increase will require an average annual growth rate of about 3 percent. Part of this increase will be driven by population growth, particularly in the 35-to-55-year-old age group for which public radio has its strongest appeal. Part will come as stations achieve a share of overall radio listening, throughout the day, that matches the better hours of their current schedules. And part will come from a number of stations, including several in major markets, that have no "centerpiece" programs to anchor their service, and that are still in the early stages of their audience development.

None of this will happen automatically. Public radio will face increased competition for listeners' attention, both from other radio stations that will follow the aging "baby boom" into areas of public radio's traditional audience strength, and from the ongoing proliferation of electronic information and culture. Public radio growth requires continued investment in the effectiveness and productivity of its programming, facilities, and promotion.

EFFICIENT USE OF RESOURCES

About one fifth of public radio's resources is spent on national programming. The dollars are about equally divided between fees paid by stations and grants from CPB, foundations, and the business community.

This investment now realizes only a portion of its potential. The average public radio station devotes 45 percent of its schedule to nonlocal programming – some 3,400 hours per year. But producers are now generating over 30,000 hours of national programming. All but the most successful programs enjoy only limited carriage. Most national programming is carried by less than half the stations that have access to it, and much of that is scheduled in off-peak hours.

Station programmers note that only a limited number of the multitude of programs available are truly compelling. Some are quickly rejected on the basis of quality. Some are passed by because acquisition fees are out of reach.

Other programming is of clear quality and little or no cost, but still receives limited carriage because it is inconsistent with the programming mission or audience target of most stations currently participating in public radio's satellite distribution system. As stations have sharpened their purposes and focused their programming, more and more programs are rejected for this reason. Further, a large body of excellent programming is not aired in many communities for no other reason than that the supply of programming exceeds the capacity of stations to deliver it – by a dramatic margin.

We believe there are at least 100 noncommercial stations that do not now participate in public radio's satellite network, that do not repeat the signal of an interconnected stations, and that have an interest in making public radio's national programming available to their audiences. Many of these stations are targeted to serve listeners now at the margins of public radio's audience.

By bringing these stations into the public radio program marketplace, public radio can increase the efficiency of its shared programming investments, reach a significant number of new listeners, and spread national programming and interconnection costs over a larger base of stations. To the extent programming costs are paid by underwriting, the public service return for such investments would grow, and the investments themselves would be more attractive.

Similar efficiencies, on a smaller scale, are possible in other areas of national activity – research, training, and national representation – where there is an opportunity to apply relatively fixed costs to a broader universe of stations.

AUDIENCE DIVERSITY

Public radio reaches people in all parts of our society. Like all other stations on the radio dial, however, public radio has a special appeal for certain segments of the listening audience, while evoking almost no interest among others.

Audience research has repeatedly demonstrated that the principal factor separating public radio's listeners from nonlisteners is education. It is most certainly not just education itself that makes the difference. Rather, some combination of knowledge, shared experience and values, acculturation, and qualities of mind – all of which are associated with the pursuit of education – leads people to public radio's special mix of in-depth journalism, classical music, jazz, folk music, and other programming.

In American society, education is associated with many other factors, including occupation, income, race, age, and gender. As a consequence, public radio's audience, compared to the nation as a whole, is more likely to work in white-collar occupations, is more affluent, has a larger proportion of whites, has more 35-to-55-year-olds, and has slightly more men than women.

We believe public radio has the opportunity and the responsibility to reach more broadly into our society. This goal will not be realized through the expedient addition of scattered programs targeted for a variety of constituencies. Nor will it be accomplished by lowest common denominator programming that attempts to "broaden" the audience in some generic fashion. Instead, public radio must develop a disciplined and sophisticated strategy based upon an understanding of how listeners use the radio medium and a continuing commitment to excellent programming.

Most radio listening reflects the habitual use of a limited number of stations from which the listener expects a consistent, reliable service that meets his or her needs and interests. Most listeners do not seek out specific programs on stations to which they do not normally listen. Of the dozens of choices available in most communities, the average listener will tune in but three stations a week.

Conversely, when listeners confront programming not to their taste, they are quick to tune elsewhere. When they encounter such programming on a regular basis, they are likely to drop the station from their listening repertoire.

Public radio stations can work against this pattern, as many have done, but at the cost of limiting the number of listeners they might otherwise serve. We believe a strategy for audience diversity must be based on station diversity – different stations that serve different kinds of listeners in a consistent fashion.

Public radio has programs that, by themselves, appeal to groups outside the mainstream of the current public radio audience. But they are presented as part of an eclectic program mix. While some listeners tune in specifically for such programs, they are principally heard by those listeners to whom the eclectic mix itself is appealing – public radio's core audience.

By reorganizing currently available programming, both local and national, into coherent program streams with a consistent, reliable appeal to specific audiences, public radio will substantially strengthen its appeal to many groups now at the fringe of the audience. This does not mean doing the same thing all the time; it does mean doing things that appeal to the same kinds of people all the time.

This strategy of multiple service streams with consistent internal appeal is compatible with the marketing strategies of the broader American radio industry and akin to the segmentation of American higher education, in which so much of public radio has its roots.

To implement this strategy, public radio will require multiple stations in population centers throughout the nation.

Further, we believe a strategy for audience diversity will ultimately need to go beyond reordering current programming and provide for the development of major new programming that can anchor service for new audiences – much as *All Things Considered*, *Morning Edition*, and *A Prairie Home Companion* have defined so much of public radio's success to date.

Again, the effort must be disciplined and sophisticated. Public radio operates alongside more than 9,000 commercial stations that have most of the spectrum space, most of the money, and most of the listeners. Whatever public radio's aspirations and accomplishments, its role will be to fill a special niche within a larger broadcasting enterprise. The development of new programming in search of audience diversity must be based on clear and specific targets, must meet needs not addressed adequately by the commercial marketplace, and must be consistent with the broad mission and role of public radio.

Our pluralistic society offers many dimensions across which public radio might seek to diversify its audience. We believe the most compelling challenge in the coming decade is to respond to America's diversity of race and ethnicity, and that public radio can achieve a national audience that matches the racial balance of the nation.

CRITERIA

The goals outlined above can be translated to a number of criteria that were used to shape the Task Force's recommendations to increase the reach, quality, and diversity of public radio's public service for the American people. These criteria should serve, as well, to evaluate additional plans and recommendations that are certain to come forward after the Task Force's work is done.

- **Audience Service.** Encourages greater use of public radio – more listening by more people – and enhances the importance of public radio's programming to those who listen.

- **Funding.** Protects and strengthens public radio's financial support – from individuals and private and public organizations – through opportunities for greater and more efficient investments.

- **Technology.** Preserves and extends public radio's technical capacity through continued leadership in technical quality, innovation, and creative use of existing technology.

- **Regulation.** Fosters a statutory and regulatory environment that facilitates full technological and programmatic use of the radio medium for public service objectives.

- **Fairness.** Ensures an effective distribution of services to the general public and an appropriate allocation of funds and support among the many entities within the public radio enterprise.

- **Diversity.** Encourages public radio, as a whole, to reflect our multicultural society and to serve an audience that reflects the racial and ethnic composition of our population.

- **Significance.** Advances public radio's role as a significant institution in the political, cultural, and intellectual life of our nation and its communities.

III. RECOMMENDATIONS

We see, by the year 2000, a public radio system of nearly 600 stations that serves a weekly audience of 20 million listeners and takes a leadership role in American life. We recommend strengthening existing stations and programming, developing new streams of programming, extending participation in public radio's satellite network, helping additional stations qualify for CPB's support, expanding signal coverage, and new initiatives in training, research, and spectrum management.

As we look ahead to public radio's third decade, we see the opportunity to fulfill the early promise and to expand the initial vision of public radio's service to the nation – to build on the foundation of past successes, to preserve the momentum of growth, and to realize a strengthened and enlarged public radio system that is a truly significant resource for the American people.

We see a system of nearly 600 stations – major producing stations that serve both their own communities and the nation, scores of full-service stations that present a mix of local and national programming, operations on a smaller scale that extend the reach of the national networks, and dozens of repeater facilities that take public radio into outlying areas.

We see, by the year 2000, a public radio system that reaches an audience of 20 million people each week – by maintaining a superior service for current listeners, by introducing public radio to a new generation, and by reaching an audience that reflects our multicultural society.

Most important, we see a public radio system that has moved confidently from its origins at the periphery of American society to a position of leadership in the social, cultural, and informational life of our nation and its communities.

In this section we will review the strategic framework of our plan for public radio expansion, present 20 specific recommendations for national action, and discuss in further detail our proposals concerning CPB's station grant programs.

STRATEGIC FRAMEWORK

The Public Radio Expansion Task Force has shaped a broad strategy for the coming years that reflects public radio's public service ambitions and that provides continuity for existing efforts and the listeners who depend upon them. Moreover, our approach addresses the aspirations of those ready to pursue new initiatives and the needs of audiences public radio has yet to reach.

Protecting Current Resources. Any plan for expanded public radio service must first assure that we protect the accomplishments of the past twenty years. Our greatest resource for public radio's future is the system already in place: stations, producers, and a distribution network that have been supported with public funds and that constitute public radio's major national organizations; hundreds of professionals who staff these efforts with skill, creativity, and dedication; and thousands of individuals who support them with their time and contributions.

Under even the most dramatic expansion scenarios, the current system will account for the vast majority of public radio's service to listeners throughout the coming decade. Enthusiasm for new endeavors must not diminish the attention and support that are needed to sustain public radio's current efforts.

Strengthening Existing Service. The existing public radio system has not yet realized its full potential. We believe that continued investments in core programming and the system's extensive technical infrastructure, ongoing training and professional development, and regular research and evaluation of local and national programming will yield substantial returns in additional public service.

As the public radio system matures, responsibility for these investments increasingly falls upon the stations, which now control over 90 percent of public radio's combined federal and nonfederal funds. At the same time, additional public and private funds can help stations move from maintenance to growth, especially in such areas as start-ups for new national programming, major capital projects, curriculum development for training programs, and national audience research projects that fall outside the interests of a specific network or producer.

Developing New Initiatives. A number of initiatives that reach beyond existing stations and programming will accelerate public radio's growth in audience service. The Task Force recommends a major investment in new programming to increase the diversity of public radio's audience, an expanded satellite interconnection system to extend the reach of national efforts, and new mechanisms to support stations that face special challenges in serving minority communities. We recommend continuing efforts to increase the population that can receive a public radio signal. We propose that CPB restructure its annual station support, helping some stations upgrade to full-service operations and supporting program acquisition for other stations that will continue to operate on a smaller scale.

Changing Our View of the System. Beyond these changes in programming, hardware, and funding, public radio must change its own self-perception. We envision a public radio system that is no longer defined solely in terms of those who garner a specific grant from CPB, or that affiliate with a particular organization; that is instead shaped as much or more by a shared mission of public service and participation in the rich and expanding marketplace of quality programming.

Public radio can expand its public service partnership to embrace a wider universe of stations, producers, and supporters. It can incorporate new models for delivery of programming and new models for the programming itself.

Focusing on the Audience. The unifying theme to all these points is the focus on public radio's capacity to serve its audience. The Task Force has moved from a tally of new stations and a compilation of coverage to a plan that best brings public radio programming into the lives of as many Americans as possible.

THE TASK FORCE RECOMMENDATIONS

The Public Radio Expansion Task Force encourages a broad-based effort by public radio stations, their national organizations, and those who support them to implement the following recommendations.

Programming

☐ Strengthen existing and develop new programming that is central to public radio's current appeal through ongoing research, evaluation, and refinement, and with such additional investments in production and acquisition as are needed to better serve public radio's current listeners and those like them.

☐ Develop one or more new, economically viable programming streams that can attract a substantial audience and that will increase public radio's audience diversity through stronger, more consistent service to listeners now at the periphery of the audience.

☐ Continue financial support for innovative efforts to increase local audiences, including the development and application of audience research, creative promotion and outreach strategies, and experimentation with formats, scheduling, and presentation.

Funding

☐ Develop a "step up" program through which stations may initially qualify for limited support from the Corporation for Public Broadcasting under a reduced version of the criteria employed for Community Service Grants, CPB's basic annual station grants. Require such stations to upgrade to prevailing qualification levels to retain support.

☐ Provide funds for acquisition of national programming to stations that meet the service requirements for the Corporation for Public Broadcasting's Community Service Grant (*e.g.*, full-time operation, programming for the general public, nonduplication of other CPB-supported stations), that use the public radio satellite interconnection system, but that do not have the staff, budget, or facilities to qualify for regular grant support.

☐ Develop a mechanism, financed by a combination of public radio funds and funds from other sources, to provide ongoing financial support to minority controlled stations that meet the service requirements for the Corporation for Public Broadcasting's Community Service Grant (*e.g.*, full-time operation, programming for the general public, nonduplication of other CPB-supported stations) but do not have the staff, budget, or facilities to qualify for regular grant support.

☐ Encourage NTIA's Public Telecommunications Facilities Program to make greater use of its option for planning grants with respect to system expansion.

Interconnection

☐ Extend participation in the public radio satellite interconnection system by providing funding of additional downlinks through NTIA's Public Telecommunications Facilities Program. NTIA should give more emphasis to "downlink only" projects. The target for this effort is some 100 college and community stations that have a commitment to public service programming, an interest in public radio's national programming, and sufficient professional staff and resources to integrate such programming into their local schedules.

☐ Examine the overall financing plan for operation of public radio's satellite-interconnection system, with particular attention to changes in fees and policies that would encourage the widest and most efficient use of the system by public radio broadcasters.

Extension of Signal and Service

☐ Provide technical assistance and planning support to individual stations in the design, funding, and implementation of projects that will extend public radio signals to unserved areas. While some projects will lead to new, full-service stations, most new "first service" will be accomplished by extending existing signals through repeaters and translators. Such support should encourage "Rocky Mountain Alternative Stations" (which combine unattended rebroadcast operations with local origination), the development of "local access translators," and other flexible and innovative service solutions.

☐ Identify communities that are likely to support one or more new public radio services, including:

- Communities with no CPB-supported station that might support one;
- Communities with no public radio service that might sustain the importation of a signal via repeaters or translators;
- Communities in which an existing CPB-supported station might be complemented by an additional outlet; and
- Communities in which a minority-oriented station would be especially appropriate and feasible.

Such a plan should be based on realistic projections of audience service and financial support, and developed in consultation with existing stations.

Personnel Development

☐ Strengthen and maintain ongoing training programs for public radio's professional staff, targeting such training on priority areas identified through periodic system-wide studies. Such training should address all skill levels, sharpening the skills of top-line staff and providing an upward career path within public radio for newer employees.

☐ Develop new training initiatives to address special needs associated with accelerated growth and diversification of the system. New and upgraded stations will bring with them talented, enthusiastic, but largely inexperienced and untrained public broadcasters. Achieving greater audience diversity may require different approaches and skills from those employed in public radio's current service. Enhanced service for minority listeners will require efforts to recruit and train minority personnel.

Audience and Technical Research

☐ Develop audience research to identify alternative service niches for public radio, especially in larger markets, and to identify the broad outlines of a service strategy to fill such niches.

☐ Provide periodic research assessments of public radio's audience(s). As the public radio system expands and diversifies, such research must cut across networks and formats to provide a true overview. It must highlight specific sub-groups of stations to track the success of increased audience targeting.

☐ Convene a working group of system engineers to identify, develop, evaluate, and implement testing of new or alternative modes of mass delivery of digital programming.

Regulation

☐ Encourage the Federal Communications Commission and other parties to protect and enhance the spectrum available for public radio stations serving the general public and to encourage the most efficient use of such spectrum.

☐ Develop a proposal for the Federal Communications Commission to initiate a proceeding in which it would explore reassignment of frequencies in a selected list of major markets in which there is especially inefficient use of the noncommercial spectrum and a shortage of full service facilities.

Outreach

☐ Aggressively publicize public radio's shared plans for additional service – including key expansion strategies, audience targets, cost requirements, and realistic timelines. Give special attention to organizations and individuals outside public radio that have, or might be encouraged to develop, an interest in support of public radio expansion efforts – foundations, media advocacy groups, political figures, etc.

Follow-Up

☐ Establish an independent, ongoing working group to monitor and coordinate the system's progress toward expansion goals. This group should be jointly convened by public radio's national organizations and should include system representatives.

CPB STATION SUPPORT

The Corporation for Public Broadcasting's two principal station grant programs, Community Service Grants and National Program Production and Acquisition Grants (NPPAGs), were the focus of many of the proposals we considered. Because CPB's station support is so important – both to the stations that now receive it and those who seek it – we will discuss our recommendations in this area in further detail.

Both CSGs and NPPAGs require a station to provide a certain minimum level of service, measured by budget, staff, signal strength, hours of operation, studio capacity, and a number of other criteria. The size of a station's grant is based on a match of its nonfederal financial support.

The approach embodied in the CSG and NPPAG programs has served public radio well. It has provided an incentive for over 300 stations to achieve basic professional standards and assured that CPB's funds are invested in responsible operations. It has provided a reward and continuing partnership for those stations that have moved well beyond these levels.

Although CPB's station support has slowly declined as a share of public radio's total income, these funds continue to play a critical role in most stations' overall financial plans. Because CSGs and NPPAGs are so vitally important to the stations that receive them, many of these stations are reluctant to enlarge the number of beneficiaries without a corresponding increase in the funds available.

Conversely, a number of stations that do not qualify for CSG and NPPAG support, and some that do, urged the Task Force to recommend revisions in the grant policies that would recognize the public service such stations provide.

Maintaining Grant Criteria. The Task Force received several proposals to lower the criteria for CSGs and NPPAGs – across-the-board, for particular kinds of stations or markets, or for stations that would form a "lower tier" of service. We declined to adopt these proposals. Most members felt strongly that it is important to preserve the minimum professional standards reflected in the current grant criteria.

Instead of lowering current CSG and NPPAG criteria, we designed a two-track effort that will help some stations meet the operational levels needed to qualify for the grants and provide limited assistance to others that operate on a smaller scale.

The step-up program we are recommending is a variation on an approach that CPB has used a number of times in the past – providing support to stations in early stages of development on the condition that they make progress toward full-service standards. A majority of the current CPB-supported stations first received funding from CPB when their operations were below the current minimum criteria.

Support for Other Stations. The Task Force identified a number of stations that provide a public service for their communities, but that are unlikely to seek support from the CSG or NPPAG programs under the current criteria. We believe there are several ways in which public radio can respond, outside the major grant programs, to the efforts and aspirations of these stations.

Our principal objective for these stations is to connect them to public radio's national programming, providing the benefit of millions of dollars worth of programming that can be made available to them at little or no cost.

The first step is to help these stations participate in the public radio satellite system, and we recommend support for one-time capital costs. The second step is to assure that, once interconnected, the stations are able to participate in the evolving programming marketplace. To this end, we recommend limited assistance with program acquisition costs, on an ongoing basis, for interconnected stations that are not otherwise supported by CPB and that meet CPB's general public service requirements.

The effectiveness of these recommendations will depend, in part, on the fees these stations encounter as they seek national programming. Since the marginal costs of an additional station participating in the satellite system or carrying a given program are limited, we hope that it will be possible to develop accommodating pricing policies for both interconnection and programming.

We have recommended an overall review of interconnection system pricing, with an eye to encouraging maximum use. We also encourage APR, NPR, and other producers and distributors, to continue their efforts to craft pricing structures that accommodate these stations' needs and fiscal abilities.

Of the stations that do not receive CSG or NPPAG support, we believe minority controlled stations face an especially difficult situation. There are approximately 35 such stations. Many of these stations provide a programming service under conditions not generally shared by the rest of the system. Most significant, these stations find only a limited amount of public radio's national programming relevant to their mission and audiences. We recommend that these stations receive a special general operating grant.

Financial Impact. Following the adoption of these station support recommendations in principle, we examined detailed cost projections associated with each proposal.

We did not recommend a specific source of funds for the CSG step-up program, special program grants, and minority station grants. Under current funding circumstances, however, it is likely that such efforts would be funded, at least in part, from the CSG and NPPAG pools. The statutory formula that governs CPB's use of its federal appropriation and its interest income leaves few dollars available for discretionary purposes. Use of those discretionary dollars as the principal funding source for radio expansion would require the sacrifice of other programs.

If *all* of the station support recommendations were funded from CSG and NPPAG dollars, the result would be a reduction of about 2.2 percent in the FY 1991 grants that currently-supported stations would otherwise receive.

This figure would rise in subsequent years, as the number of stations receiving regular CSG and NPPAG grants would grow at a faster rate with the help of these programs. Even so, if CPB's funds for CSGs and NPPAGs rise only at a cost-of-living rate, and if all our station support recommendations are funded with CSG and NPPAG dollars, we estimate that in FY 1995 less than 5 percent of CPB's station support funds would be diverted as a result of the special expansion effort.

The same statutory formula that would lead CPB to finance expansion out of CSGs and NPPAGs also assures that any increase in CPB's federal support beyond inflation would directly offset these costs. The formula channels 93 percent of radio's share of the appropriation directly to CSGs and NPPAGs.

For several years, in part because there are initially only limited funds to fuel the expansion effort, we believe currently-supported stations will perceive little payoff from this investment. Over the long term, however, these stations will derive important programming and financial benefits.

The growing number of stations in the public radio programming marketplace will make it feasible to sustain new programming initiatives. This will be especially true for material that is currently outside the mainstream of public radio programming, but which may be of interest to stations entering the system.

When there are multiple stations in a community, there is less pressure for any one station to cover all the needs unaddressed by commercial outlets. As a result, stations can bring more focus and definition to their service, an approach which pays dividends in audience response and financial support.

All stations will realize greater economies of scale as fixed costs for interconnection, representation, research, training, and other activities are shared by a larger number of stations. And as the newer stations mature, they will bring more listeners and dollars to the collective public radio effort, making national underwriting more attractive and bringing more resources to shared investments.

Finally, a growing system, working toward service to more parts of the country, and toward an audience that better reflects the diversity of America, will have a stronger case as it seeks a renewed and strengthened investment of federal funds.

IV. COSTS

Some of our recommendations can be implemented at little cost. Others could be initiated with modest diversions of existing funds. But if the continued growth of the current system is to be protected, the broad vision of a larger, more diverse public radio service will be realized only with new resource commitments from America's public and private sectors.

While the Task Force considered the prospects for public radio's growth throughout the coming decade, we decided that a five-year period provided a more realistic horizon for cost projections at this time.

Station Support Grants. The Task Force reviewed detailed, year-by-year models of the various station support programs it is recommending, including possible eligibility criteria, grant amounts, and projections of participating stations. Our cost estimates are derived from these models, but are presented here as more generalized totals. This approach recognizes that actual expenditures will be influenced by a combination of local initiative and a variety of grant policies that are the appropriate responsibility of CPB.

The various station support programs we have recommended require $11.2 million in national funds.[1] Of this total, $8.5 million is associated with stations' accelerated entry into CPB's grant programs through the recommended step-up effort. The majority of this cost is attributable to additional Community Service Grants and National Program Production and Acquisition Grants these stations will receive once they are qualified for regular support. We estimate that 55 stations will move through the step-up program during this period.

Program acquisition support for interconnected stations outside the regular CPB grants programs requires approximately $.5 million over five years, with such support eventually reaching 30 stations. Additional support recommended for minority stations requires another $2.2 million for the 30 stations we estimate will claim such funds.

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[1] All cost estimates assume an annual inflation rate of 5 percent through the five year period.

Research, Training, and System Support. New initiatives in research, training, and other support activities require some $3.6 million from FY 1991 through FY 1995. About one-third of these costs are for one-time activities, such as the identification of alternative service niches for public radio, curriculum development for new training projects, and technical research on digital audio delivery. The remainder is for ongoing research, training, and consulting activities connected with expansion.

It is important to stress that this cost estimate, like the others presented here, embraces only those activities directly linked to new services and new stations. Current commitments to research, training, and other aspects of system development must be maintained to preserve the momentum and strengthen the services of the existing system.

Interconnection. About $1.6 million will be required in matching grants to help additional stations participate in public radio's interconnection system. This will provide up to 75 percent of the construction costs for 80 stations.

New Programming. The largest expense (but also the most difficult to estimate with precision) is the development of one or more new programming streams designed to increase public radio's audience diversity. Beginning with $2 million in seed money in FY 1991 and rising to $15 million by FY 1995, this undertaking will require a total of $46.5 million over the five-year period.

To put this estimate in perspective, all of NPR's news and information programming costs about $20 million per year. Garrison Keillor's 90-minute weekly variety program for APR costs about $2.5 million. Daily half-hour programs like APR's *Marketplace* and NPR's *Fresh Air* cost about $1.5 million.

Construction Costs for Extension of Signal. We did not estimate the construction costs for new stations and upgrades of existing stations to extend public radio's signal to unserved areas. Such projects already receive the highest priority for funding at NTIA's facilities program and total dollars available for the program are adequate to address this need.

Finding the Dollars. We did not develop a plan for financing these costs – or the additional resources needed to strengthen existing programming, audience building, research, and training activities. That effort, we believe, must be part of a broader financing plan for public radio over the coming decade.

It is quite clear, however, that implementation of this expansion plan will require substantial resources beyond those now available to public radio. The national investments outlined here would represent about one-fifth of the Corporation for Public Broadcasting's total support for public radio over the five-year period, assuming funding at current levels.

V. BUILDING CONSENSUS

Successful expansion of public radio's service depends upon the support and cooperation of the entire public radio system.

A Representative Group. The first step in enlisting support for the Task Force's recommendations was to assure that the Task Force itself was as representative as possible within the limits of a manageable and affordable working group. While Task Force members participated as individuals, each was selected for the variety of interests, experiences, and affiliations he or she could contribute to the inquiry.

One or more Task Force members brought to the group their personal experience with university, community, and state licensees; minority stations; stations in major markets, mid-sized cities, and rural areas (including Alaska); stations with budgets from under $100,000 to more than $1,000,000; and stations that do and do not receive regular CPB support. The Task Force included representatives of public radio's two principal funders, CPB and PTFP; representatives of four station-oriented national organizations (APR, NFCB, NPR and SRG); and members of most of public radio's regional organizations.

Members of the Task Force have worked as producers at both the local and national level, at stations and as independents. They have worked with program formats including national and local news, classical music, jazz, folk, drama, talk shows, various ethnic music, bluegrass and other genres.

A Participatory Process. The Task Force was strongly committed to work directly with the public radio system throughout the study. We secured a place on the agenda of every state, regional, and national meeting of public radio stations for a six month period. Preliminary recommendations were mailed to every CPB-supported station and to many other stations with an interest in the expansion effort. Eastern Public Radio sponsored a national call-in over the satellite system. We surveyed all the noncommercial stations in the country to ascertain their current levels of operations.

Meetings were open and well publicized, and were attended by many interested parties. We encouraged stations and others to communicate with the Task Force throughout the process, and many did so – in letters, phone calls, and personal appearances at Task Force meetings.

A Continuing Effort. We have placed this discussion of our approach at the conclusion of our report because we believe a similar effort will be needed to guide the implementation of our recommendations in the months and years ahead. In the highly decentralized American system of public broadcasting, our plan for expansion of public radio's service requires the support and participation of hundreds of entities at the national, state, and local level.

Each of public radio's national organizations must determine how it will respond to our recommendations for funding, program development, policy initiatives, training, research, and other activities to support stations' efforts. State public broadcasting authorities and state-wide networks must consider how to strengthen the services they now support while looking to those parts of their states in which public radio is still unavailable. And the hundreds of universities, colleges, community organizations, school districts, and others that hold public radio's licenses, raise most of its funds, and shape its daily service must gauge their ability to meet the challenges we have presented.

The discussion of expansion must ultimately move beyond the public radio system to enlist the support of those who can provide the resources needed to realize our goals – members of Congress and state legislatures, the business community, the leadership of social and cultural institutions, and the philanthropic community.

We recognize that the appropriate scope and most effective paths for public radio's growth are matters for continuing debate. We hope our analysis and recommendations will inform that debate, and guide it toward the most critical issues.

We believe the promise of public radio remains as fresh and compelling today as it was twenty years ago, and that the larger vision of service we have mapped in this report is broadly shared.

Mr. SMITH. Thank you very much.

Mr. Rogers.

Mr. ROGERS. Sandy, I am told, and your testimony says, that typically around 50 percent of the cost of equipment is provided by the Federal match; is that generally correct?

Ms. WELCH. Usually, it's a 50-50 match.

Mr. ROGERS. But it varies?

Ms. WELCH. It varies from I think as low as the local station sometimes putting up 25 percent to sometimes putting up as much as 75 percent.

Mr. ROGERS. And what criteria are there? I assume there is criteria used when you vary from 50 percent.

Ms. WELCH. It is negotiated with the staff at the program—of course, this is a competitive program, and to a large extent it is based on need and the local station's ability to help itself in meeting those needs.

Mr. ROGERS. Now, in Kentucky, the legislature is in session right now. The Supreme Court has declared the education system in the State unconstitutional, and they are completely revamping the whole system. Will KET have any role in the new scheme of things that is being talked about?

Ms. WELCH. We certainly will. We have the budget bill that was passed by the Senate yesterday, our General Assembly will adjourn on Friday, and we hope in that budget will be some special funding for us to really get into this new interactive distance learning effort that we are deeply involved in. We hope there will be significant equipment funding that builds on the additional funding for us in that area.

Mr. ROGERS. Well, we don't want you to get the idea that we understand more about this equipment than the State legislature does, because when you talk about some of that equipment, our eyes will probably glaze over as well. And the plaid of the State legislature will be replaced by the stripes of the Congress in that respect.

Thank you.

Mr. SMITH. Thank you for appearing before the Subcommittee today.

THURSDAY, MARCH 29, 1990.

NATIONAL TELECOMMUNICATIONS AND INFORMATION ADMINISTRATION

WITNESS

TOM LIVINGSTON, GENERAL MANAGER, WETA-FM, ON BEHALF OF NATIONAL PUBLIC RADIO

Mr. SMITH. The next witness is Tom Livingston, representing National Public Radio.

Mr. LIVINGSTON. Mr. Chairman, my name is Tom Livingston, and it is a honor to appear before you today in support of the appropriations for the PTFP program as well. This year we celebrate the 20th anniversary of both National Public Radio and WETA-FM here in the Washington area. I serve as general manager of WETA-FM and as a member of the NPR Board of Directors.

NPR represents 384 public radio stations, many of them built with the help of PTFP funding. Although I had nothing to do with the grant that helped start WETA-FM here in Washington 20 years ago, since 1984 I have been directly involved in four other PTFP-funded projects in which a total of $650,000 in support from the program directly leveraged more than twice that amount in private support. As Sandy Welch said, that is a key element of the program, the power of the program to leverage. Local support is tremendous. These projects have brought public radio service to nearly two million previously unserved Americans.

In May of 1984, I became the first employee of what would become KDAQ-FM in Shreveport, Louisiana. A $200,000 PTFP grant generated an additional $300,000 in private support from the community. When the station began broadcasting at the end of that year, it brought public radio service to nearly 900,000 people who had been unable to receive any signal prior to that time.

In the 1985 round, we received a grant of $180,000 to fund KLSA-FM in Alexandria, which would bring public radio to nearly 600,000 residents of Central Louisiana. The PTFP grant leveraged $150,000 in private contributions from Alexandria's population of 120,000—tremendous showing of support there.

In 1986, we received a $90,000 grant which leveraged an additional $55,000 in local support from residents of El Dorado, Arkansas, a town of 25,000 residents in the southern part of the State. The total service area of that station is 120,000, none of which had been able to receive public radio before.

Finally, in 1989, after I came to manage WETA, I consulted on a $180,000 project that has already generated $150,000 in local support, and will bring first public radio service to approximately 200,000 residents of the Lufkin-Nacodoches area of East Texas.

Together, these four stations, which operate as an interconnected, interactive network, serve a part of the country which does not have the population characteristics under which public radio generally thrives. In addition, even as the stations were being built, the area was slipping into a severe recession caused by the drop in oil prices. The fact that this service has actually grown in a time and part of the country where private and public activities alike are struggling just to survive is a testament to the importance of public radio to its listeners. The service itself operates without any public funding other than the Corporation for Public Broadcasting's Community Service and National Programming grants.

The economic conditions in the area make it doubtful that any of the projects would ever have been built without the leverage of PTFP grants. This is true even in more financially stable areas, demonstrating the importance of PTFP's leverage for all types of public radio projects. In fiscal year 1989, the average public radio grant of about $95,000 represented 67 percent of the average project funded. The role of such seed money cannot be overestimated in public radio's fundraising scheme.

There is still work to be done to expend public radio service to all Americans. NTIA's recent study of public broadcasting coverage indicates that while 95 percent of the American people can now receive a public television signal, public radio's reach is limited to 86 percent of the population. In addition to much of the mountainous western portions of the country, large areas of Arkansas, west Texas, and much of western Pennsylvania remain unserved. We must expand our services to as much as practical of that remaining 14 percent.

During the past year, I served as a member of the Public Radio Expansion Task Force, the report of which has been provided to you. It was convened under the auspices of the Carnegie Corporation and CPB and made up of seven public radio station managers and representatives from six national organizations associated with public radio. Among the things we studied was extending public radio signals to unserved areas, and it is the task force's belief that by the year 2000 public radio can be made available to the same 95 percent of the American people that public television can now reach. The continuation of the Public Telecommunications Facilities Program is essential to our ability to achieve this goal.

This is readily demonstrated by looking at the role of PTFP funds in the kind of innovative signal extension used in northern Louisiana. And another example is in Kentucky where Station WKYU in Bowling Green received a grant to build a repeater station that will serve almost 91,000 currently unserved residents of Elizabethtown, Kentucky.

Beyond the extension of first service, the task force has set a goal of extending public radio to audiences whose needs are not being met by the offerings of existing stations. This can be accomplished by upgrading existing stations and building new stations that can be outlets for new national programming created for African Americans, Hispanics, American Indians, and others. For example, the community of Tuba City, Arizona, will soon have a new public radio station with the help of a PTFP grant. The station will provide a first public radio service to nearly 32,000 residents of the Western Navajo Agency and will program in both the Navajo and Hopi languages, as well as in English.

The role of the PTFP in meeting this goal is critical. In these minority communities, money for the local match is scarce, and fundraising will be difficult even with PTFP. Without such funding, measurable progress is unlikely.

As public radio enters its third decade, another crucial area where PTFP assistance is needed is in the upgrading and replacement of equipment.

Without access to PTFP funds, public radio's ability to serve the people of this Nation would rapidly erode, as the alternatives—in replacing this equipment, technology is very expensive, and using money just on the basis of just listener support is very difficult. It is extremely difficult to do that, and I have included some information in the testimony that I provided you about a project that WETA television experienced when we recently had to replace our transmitter. So the alternatives to having some access to some capital funding, of either going into debt or cutting budgets without room to do so, limits either the current or future ability of our stations to meet the needs of our communities.

In summary, I strongly urge the subcommittee to appropriate the full $42 million authorized for PTFP in fiscal year 1991. Mr. Chairman, I have had considerable direct experience with both the importance of public radio to the people of this country and the importance of the PTFP in making it possible. From places like El Dorado, Arkansas, where access to the kind of cultural and news programming offered by NPR and local public radio stations may be limited, to Washington, D.C., where it is plentiful, we are filling a vital need for millions of Americans. I hope that you and members of the subcommittee will help us to continue to meet that need by fully funding the Public Telecommunications Facilities Project.

[The prepared statement of Mr. Livingston follows:]

NATIONAL PUBLIC RADIO®

Statement of

TOM LIVINGSTON

BOARD OF DIRECTORS, NATIONAL PUBLIC RADIO

&

GENERAL MANAGER

WETA-FM, WASHINGTON, D.C.

on

FY 1991 APPROPRIATIONS for the

PUBLIC TELECOMMUNICATIONS FACILITIES PROGRAM

submitted to

SUBCOMMITTEE ON COMMERCE, JUSTICE, STATE, AND THE JUDICIARY

COMMITTEE ON APPROPRIATIONS

U.S. HOUSE OF REPRESENTATIVES

March 29, 1990

2025 M Street NW, Washington DC 20036, 202 822-2000

Mr. Chairman and members of the Subcommittee, my name is Tom Livingston, and it is an honor to appear before you today in support of appropriations for the Public Telecommunications Facilities Program (PTFP). This year we celebrate the twentieth anniversary of both National Public Radio (NPR) and WETA-FM here in the Washington area. I serve as General Manager of WETA-FM and as a member of the NPR Board of Directors.

As you know, the PTFP program provides matching grants to help public radio and television licensees extend their signals, purchase equipment to put new stations on the air, and replace aging, obsolete equipment. The Public Telecommunications Facilities Program's investment of approximately $364 million since its inception in 1963 has made it a key factor in building this country's public broadcasting system.

NPR represents 384 public radio stations, many of them built with the help of PTFP funding. WETA-FM, which serves approximately 350,000 people each week in the greater Washington area, is one such station. It was originally built with the support of a facilities grant from the PTFP's predecessor program in the Department of Health, Education, and Welfare.

Although I had nothing to do with the grant that helped start WETA-FM twenty years ago, since 1984 I have been directly involved in four other PTFP-funded projects in which a total of $650,000 in support from the program directly leveraged more than twice that amount in private support. These projects have brought public radio service to nearly two million previously unserved Americans.

In May of 1984, I became the first employee of what would become KDAQ-FM in Shreveport, Louisiana. A $200,000 PTFP grant generated an additional $300,000 in private support from the community. When the station began broadcasting at the end of that year, it brought public radio service to nearly 900,000 people who had been unable to receive any signal prior to that time.

In the 1985 round we received a grant of $180,000 to fund KLSA-FM in Alexandria, which would bring public radio to nearly 600,000 residents of Central Louisiana. The PTFP grant leveraged $150,000 in private contributions from Alexandria's population of one hundred and twenty thousand.

In 1986, we received a $90,000 grant which leveraged an additional $55,000 in local support from residents of El Dorado, Arkansas, a town of 25,000 residents in the southern part of the state. KBSA-FM now serves 120,000 residents of that area.

Finally, in 1989, after I came to Washington's WETA-FM, I consulted on a $180,000 project that has already generated $150,000 in local support and will bring first public radio service to approximately 200,000 residents of the Lufkin-Nacodoches area of East Texas.

Together these four stations, which operate as an interconnected, interactive network, serve a part of the country which does not have the population characteristics under which public radio generally thrives. In addition, even as the stations were being built the area was slipping into a severe recession caused by the drop in oil prices. The fact that this service has actually grown in a time and part of the country where private and public activities alike are struggling just to survive is a testament to the importance of public radio to its listeners. The service itself operates without any public funding other than the Corporation for Public Broadcasting's Community Service and National Programming grants.

The economic conditions in the area make it doubtful that any of the projects, except perhaps the original one in Shreveport, would ever have been built without the leverage of PTFP grants. This is true even in more financially stable areas, demonstrating the importance of PTFP's leverage for all types of public radio projects. In FY 1989, the average public radio grant of $94,324 represented 67 percent of the cost of the average project funded. The role of such seed money cannot be overestimated in public radio's fundraising scheme.

There is still work to be done to extend public radio service to all Americans. NTIA's recent study of public broadcasting coverage indicates that while 95 percent of the American people can now receive a public television signal, public radio's reach is limited to 86 percent of the population. In addition to much of the mountainous western portions of the country, large areas of Arkansas, west Texas, and much of western Pennsylvania remain unserved. We must expand our services to as much as practical of that remaining 14 percent.

During the past year I served as a member of the Public Radio Expansion Task Force, convened under the auspices of the Carnegie Corporation and CPB and made up of seven public radio station managers and representatives from six national organizations associated with public radio. Among the things we studied was extending public radio signals to unserved areas, and it is the Task Force's belief that by the year 2000 public radio can be made available to 95 percent of the American people. The continuation of the Public Telecommunications Facilities Program is essential to our ability to achieve this goal.

This is readily demonstrated by looking at the role of PTFP funds in the kind of innovative signal extension used in northern Louisiana. Other examples can be found in a project currently underway in Nebraska with the help of PTFP which will bring public radio service to virtually all residents of the state by the summer of 1991, and in Kentucky, where station WKYU-FM in Bowling Green received a grant to build a repeater station that will serve almost 91,000 currently unserved residents of Elizabethtown, Kentucky.

Beyond the extension of first service, the Task Force has set a goal of extending public radio to audiences whose needs are not being met by the offerings of existing stations. This can be accomplished by upgrading existing stations and building new stations that can be outlets for new national programming created for African Americans, Hispanics, American Indians, and others. For example, the community of Tuba City, Arizona will soon have a new public radio station with the help of a PTFP grant. The station will provide a first public radio service to approximately 31,595 residents of the Western Navajo Agency and will program in both the Navajo and Hopi languages as well as in English.

The role of the PTFP in meeting this goal is critical. In these minority communities money for the local match is scarce, and fundraising will be difficult even with PTFP. Without such funding, measurable progress is unlikely.

As public radio enters its third decade, another crucial area where PTFP assistance is needed is the upgrading and replacement of equipment. Many public radio stations are licensed to state universities that either prohibit the accumulation of capital funds or operate under year-end removals of any operating fund balances. For many more stations, the cost of the technology is simply more than a budget built on listener contributions can bear. Just last year, WETA television was forced to replace its aging and unreliable transmitter at a project cost of $1.3 million, of which $526,933 came from a PTFP grant. A special capital campaign for the replacement raised less than half of the amount needed for the match, and the rest had to come out of operating funds. This was difficult, but there was no question that the transmitter had to be replaced. If PTFP funds were not available, we would have been forced to make up the difference with even more operating funds. Even for WETA, one of the most stable public broadcasting organizations in the country, a project of that magnitude would have significantly reduced our ability to serve our community.

While equipment replacement costs are considerably lower for public radio stations, the size of the organizations and their ability to pay for such replacement is reduced in equal measure. Without access to PTFP funds, public radio's ability to serve the people of this nation would rapidly erode, as the alternatives -- going into debt or cutting budgets without room to do so -- limits either the current or future ability of our stations to meet the needs of our communities.

The administration has once again proposed to discontinue the PTFP; however, the continuing imbalance between available funds and grant requests demonstrates the ongoing need for the program. In FY 1989, there were 276 applications for PTFP funds totaling $55.9 million. One hundred and thirty-seven grants were awarded, totaling $21.2 million. I strongly urge this subcommittee to appropriate the full $42 million authorized for PTFP in FY 1991.

Mr. Chairman, I have had considerable direct experience with both the importance of public radio to the people of this country and the importance of the PTFP in making it possible. From places like El Dorado, Arkansas, where access to the kind of cultural and news programming offered by NPR and local public radio stations may be limited, to Washington, D.C., where it is plentiful, public radio is filling a vital need for millions of Americans. I hope that you and the members of the subcommittee will help us continue to meet that need by fully funding the Public Telecommunications Facilities Program.

Mr. SMITH. Thank you for presenting your testimony.

Mr. Rogers, any questions?

Mr. ROGERS. No questions.

Mr. SMITH. Thank you, Mr. Livingston.

THURSDAY, MARCH 29, 1990.

INTERNATIONAL STUDENT EXCHANGE PROGRAM

WITNESS

FATHER HAROLD BRADLEY, S.J., ASSISTANT TO THE PRESIDENT FOR FEDERAL RELATIONS, GEORGETOWN UNIVERSITY

Mr. SMITH. Next is Father Bradley from Georgetown University.

Father BRADLEY. Mr. Chairman, I appreciate the opportunity to testify on behalf of the ISEP program and to thank you and the Committee for your support during the 11 years that the program has been in existence.

As you know, it is a barter education program. By now there are 104 universities in the United States participating, and two-thirds of them are public universities. I say that because Senator Hollings has accused me of having it be a program to benefit Georgetown students. So out of the 5,000 students that have been on the program——

Mr. SMITH. Are you going to say that when you appear before him?

Father BRADLEY. I sure am. [Laughter.]

We are in 98 institutions outside the United States in 34 countries. We are in 34 States now. If USIA in their wisdom could fund us at $490,000 a year, we could exchange 1,000 people. We have got the cost down to less than $500 per exchange each year, and I am sure you know that if 1,000 people were to go on Fulbright scholarships, that would be more than $20 million.

Mr. SMITH. How much did you get for 1990?

Father BRADLEY. They are giving us $350,000, which means we are going to have cut back the organization. They say they don't have any money. My problem is that everybody is talking about how are we going to do exchanges with Poland and Hungary, et cetera, et cetera. And I have a program where I can do exchanges for $500 per student—a cost to the Government of only $500—and nobody has come around to ask me if we can use this mechanism.

You know, I ordinarily come in here and thank you and leave, but I am bothered by the current situation. I could point out that since the program started we have brought in 1,200 foreign graduate students. On the Fulbright program, that would have cost $24 million. Under this program, it has cost about $600,000.

So, in spite of the fact that we have increased efficiency, we raised our charges to the participating institutions and students, we have increased the numbers of students every year, and in spite of the fact that that $490,000 of Government money will be matched by $9 million of money paid by the institutions and other things, I can't get anybody over there excited about giving me the

$490,000. And I would appreciate your encouraging them to do that.

[The prepared statement of Father Bradley follows:]

STATEMENT OF

REV. HAROLD BRADLEY, S.J.

SPECIAL ASSISTANT TO THE PRESIDENT OF GEORGETOWN UNIVERSITY

SUBCOMMITTEE ON COMMERCE, JUSTICE, STATE, THE JUDICIARY AND RELATED AGENCIES

COMMITTEE ON APPROPRIATIONS

UNITED STATES HOUSE OF REPRESENTATIVES

MARCH 29, 1990

SUBCOMMITTEE ON COMMERCE, JUSTICE, STATE, THE JUDICIARY AND RELATED AGENCIES

COMMITTEE ON APPROPRIATIONS

U.S. HOUSE OF REPRESENTATIVES

MARCH 29, 1990

Mr. Chairman, Members of the Subcommittee:

I am Rev. Harold Bradley, S.J., Special Assistant to the President of Georgetown University, and I want to thank you and the Members of this Subcommittee for the opportunity to testify.

I would like to address the International Student Exchange Program (ISEP), which has now entered its second decade. It is a fully reciprocal, university-level exchange plan, based at Georgetown University in Washington, D.C. The U.S. Information Agency (USIA) under authority of the Fulbright-Hays Act of 1961 provides partial funding for administration of the program. Actual per participant administrative costs to the U.S. Government have been under $500 since FY 1986.

All program costs are borne by the individual participants, their home and host universities, and other governments. Therefore, for a small investment, the federal government leverages private sector and state resources ranging from $5,000 to $18,000 per exchangee, totalling nearly $9 million per year. ISEP is perhaps the most cost-effective student exchange program in which the federal government participates. If the 1200 foreign graduate students who have come to the United States through ISEP had come instead through the Fulbright Program, the cost to the U.S. Government would have been $24 million instead of an approximate $.6 million dollars for ISEP.

For the past three years the number of ISEP students has increased by at least 10% each year, despite the continued decline in the USIA contribution. Just to meet the costs incurred by these increasing exchanges, particularly in developing nations, ISEP already doubled the participation fee for institutions in 1989 and will raise fees again this year. A renewal grant from USIA of $490,000 is essential to maintain the program at its current level. At a time when Congress has been seeking state and private sector participation in various programs, we ask that this Subcommittee encourage the Agency to support this proven program of public-private partnership.

This funding level represents sheer maintenance. It fails to take into account the possibilities that ISEP offers for mutual educational exchanges with Eastern Europe and Latin America, at an average cost to the taxpayer of under $500 per student. Coupled with Congressional commitment to provide aid to these nations, USIA through ISEP could concurrently invest in U.S. students to assure that we remain competitive in the international marketplace. The demand by institutions and students to participate in ISEP grows every year. ISEP is turning them away in increasing numbers. In order to respond, an increase in the USIA contribution is critical.

I would ask that the Subcommittee in its report encourage the United States Information Agency to fund this program at a minimum of $490,000. This augmentation is necessary to address the 30% increase in students that has occurred overall in the past 3 years, an increase that has not been matched correspondingly by USIA. Indeed, USIA is proposing a budget to ISEP for this year which will mandate program reductions. The $490,000 grant that we seek will fund nearly 1000 exchanges and will enable ISEP to begin to meet the demands by other U.S. and foreign institutions to participate in the ISEP network. I would also ask the Subcommittee to recognize ISEP as perhaps the most cost-effective means for USIA to provide educational assistance to Eastern Europe, and in so recognizing this, designate additional funds to facilitate these exchanges.

I would like to submit for the record additional information about this program.

I thank you in the name of the President of Georgetown University, Rev. Leo J. O'Donovan, S.J.

The International Student Exchange Program (ISEP)

The International Student Exchange Program (ISEP) is a membership organization of 104 U.S. and 98 foreign institutions of higher education in 34 countries. These institutions form a worldwide network to conduct fully reciprocal university exchanges at both the undergraduate and graduate level. Since 1979, ISEP has facilitated the exchange of nearly 5000 students, half from the United States and half from abroad. Yearly increases exceeding 10% have brought ISEP to a level of well-over 900 exchange participants annually.

ISEP is a unique cost-sharing program. The participants themselves or their institutions pay the cost in amounts equivalent to tuition, room and board otherwise paid to the home institution. ISEP participants also absorb all additional fees for transportation, health insurance and personal expenses. In addition, the ISEP mechanism generates further cost-sharing in that member institutions also provide all administrative support on their campuses, including staff, office space and supplies, at an estimated cost of $600-$700 per student. The expense then to the U.S. Government is less than $500 per student for the administration of the program. Thus, because of its structure, ISEP needs $490,000 in federal dollars for FY 1991 to exchange 1000 students. To fund 1000 participants under traditional educational models, such as the Fulbright Program, the U.S. Government would spend in excess of $20 million dollars.

Foreign governments have also increased their financial support for in-country administrative and program costs. Most notably the French Government funds the ISEP-France Association and the Italian Government recognizes the value of ISEP by funding the participation of Italian universities. ISEP in fact is the only undergraduate exchange program supported by the Italian Government.

Public institutions comprise approximately two-thirds of the U.S. ISEP membership. These institutions are located in 39 states thus ensuring that international exchange is available to a wide segment of the academic community. Further, because U.S. students pay in-state tuition and fees, they may undertake a period of study abroad that they would otherwise be unable to afford. These students are among the top students at their home institutions, with average GPAs above 3.0 and active participation in extra-curricular and community activities.

ISEP is a valuable national resource for unique study abroad opportunities for U.S. students. At a time when business, education and political leaders are becoming increasingly concerned about declining U.S. international competitiveness, ISEP helps to serve a growing need. Over 30% of U.S. ISEP participants study in non-traditional disciplines and at unusual sites, including several universities in Africa, Eastern Europe, Asia and Latin America. Because they matriculate directly in the institutions of the countries where they study, ISEP students reach a high level of proficiency in such critical languages as French, German, Italian, Portuguese, Russian, Chinese, Spanish and Korean. ISEP participants undertake study in a wide range of fields including business, economics and political science.

The U.S. Information Agency under authority of the Fulbright-Hays Act of 1961 has provided partial funding for the administration of the program. For the period July 1989 through June 1990, the USIA contribution was $365,365. For the 1990-91 academic year, USIA has levied a ceiling of $350,00 despite the fact that ISEP has done its part to increase efficiency, raise fees to institutions and participants, and increase the number of exchanges every year since its inception. A grant at the level proposed by USIA means that ISEP will begin to dismantle its services and programs plus eliminate any further development efforts at a time when international exchanges are being promoted as critical to U.S. competitiveness in the global marketplace.

A renewal grant of approximately $490,000 is needed just to maintain the current program. This fails to even contemplate the cost-effective role that ISEP could play in providing two-way exchanges with Eastern Europe. For less than $500 per student, USIA could begin responding to the overwhelming demand for U.S. action in this and other rapidly changing regions of the world. Funding at the $490,000 level would at least ensure preservation of a program that serves a vital national need for increasing international awareness and expertise among the citizenry of the United States.

A list of ISEP member institutions is attached.

MEMBERSHIP
December 1, 1989

Argentina
Universidad de Belgrano
Universidad del Salvador

Australia
Darling Downs Institute of Advanced Education
Deakin University
Flinders University of South Australia
Macquarie University

Belgium
Katholieke Universiteit te Leuven
Université Catholique de Louvain

Brazil
Pontifícia Universidade Católica de Minas Gerais
Pontifícia Universidade Católica do Rio de Janeiro

Canada
Brock University
University of Calgary
Laurentian University
University of Prince Edward Island
University of Regina

Colombia
Universidad de los Andes
Instituto Colombiano de Estudios Superiores de INCOLDA (ICESI)
Pontificia Universidad Javeriana
Universidad del Norte

Costa Rica
Universidad Nacional de Heredia

Côte d'Ivoire
Université Nationale de Côte d'Ivoire

Cyprus
Frederick Polytechnic University

Dominican Republic
Universidad Católica Madre y Maestra

Fiji
University of the South Pacific

Finland
University of Helsinki
Helsinki University of Technology
University of Oulu
University of Tampere

France
Université de Droit, d'Economie et des Sciences d'Aix-Marseille
Université d'Angers
Université de Caen
Ecole Nationale Supérieure de Chimie de Lille
Ecole Supérieure d'Agriculture d'Angers
Université de Franche-Comté
Université des Sciences Sociales (Grenoble II)
Université Stendhal (Grenoble III)
Université de Haute Bretagne (Rennes II)
Université de Lille III
Institut National des Sciences Appliquées de Lyon
Université de Nantes
Université de Nice
Université Paul Valéry (Montpellier III)
Université de Saint-Etienne
Université de Savoie

Federal Republic of Germany
Technische Universität Carolo-Wilhelmina zu Braunschweig
Katholische Universität Eichstätt
Justus-Liebig-Universität Giessen
Gesamthochschule Kassel Universität
Philipps-Universität Marburg
Universität Trier

Honduras
Universidad José Cecilio del Valle

Hong Kong
Chinese University of Hong Kong

Hungary
Janus Pannonius University
Technical University of Budapest

Italy
Administered by the Fondazione RUI:
Università Cattolica del "Sacro Cuore"
Università Commerciale "Luigi Bocconi"
Università degli Studi di Firenze
Libera Università Internazionale degli Studi Sociali (LUISS)
Università degli Studi di Milano
Università degli Studi di Pavia
Università degli Studi di Urbino

Kenya
Kenyatta University

Republic of Korea
Ewha Womans University
Korea University
Yonsei University

Malta
University of Malta

Mexico
Fundación Universidad de las Americas-Puebla
Universidad Iberoamericana
Instituto Tecnológico y de Estudios Superiores de Monterrey (ITESM)
Instituto Tecnológico y de Estudios Superiores de Occidente (ITESO)

Netherlands
University of Amsterdam
University of Groningen
Catholic University of Nijmegen
Tilburg University
University of Utrecht
Administered through NUFFIC:
HBO-Raad

Nigeria
University of Ibadan

Philippines
Ateneo de Manila University
University of the Philippines-Diliman
University of the Philippines-Visayas

Spain
Universidad Pontificia Comillas
Universidad Complutense de Madrid
Universidad de Santiago de Compostela

Sweden
Växjö University

Switzerland
Université de Fribourg
Université de Lausanne

Tanzania
University of Dar es Salaam

Thailand
Thammasat University

Togo
Université du Bénin

United Kingdom
Lancashire Polytechnic
Middlesex Polytechnic
Polytechnic South West
South Glamorgan Institute of Higher Education
University of Strathclyde
Sunderland Polytechnic
University of Ulster

Uruguay
Universidad Católica del Uruguay

Zambia
University of Zambia

continued on reverse

THE INTERNATIONAL STUDENT EXCHANGE PROGRAM
is a nonprofit membership organization for institutions of higher learning, affiliated with Georgetown University and funded in part by the United States Information Agency under authority of the Fulbright-Hays Act of 1961.
1242 35th Street, N.W., Washington, D.C. 20057   (202) 687-6956   Telex: 64574 ISEP
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U.S. ISEP Membership

Arkansas
Arkansas State University
Hendrix College

California
California State University-Los Angeles
Chapman College
University of the Pacific
Pitzer College

Colorado
University of Colorado-Boulder
University of Colorado-Denver
University of Denver
University of Northern Colorado

Connecticut
Central Connecticut State University
Fairfield University
Western Connecticut State University

District of Columbia
Georgetown University
Howard University

Florida
Eckerd College

Idaho
University of Idaho

Illinois
Southern Illinois University-Carbondale

Indiana
Ball State University
Butler University
University of Evansville

Iowa
Drake University
University of Iowa

Kansas
Fort Hays State University
University of Kansas
Kansas State University

Kentucky
Murray State University

Louisiana
Louisiana State University
Northwestern State University of Louisiana
University of Southwestern Louisiana

Maine
University of Maine-Orono

Maryland
Frostburg State University
Towson State University

Massachusetts
Bentley College
Boston University
Hampshire College
University of Massachusetts-Amherst
Worcester Polytechnic Institute

Michigan
Saginaw Valley State University

Minnesota
University of Minnesota-Twin Cities

Mississippi
University of Mississippi

Missouri
Central Missouri State University
University of Missouri-Columbia
Southeast Missouri State University

Montana
Montana State University

Nebraska
Kearney State College
University of Nebraska-Lincoln
Nebraska Wesleyan University

New Jersey
St. Peter's College
Seton Hall University
Trenton State College

New York
Adelphi University
State University College at Buffalo
St. Lawrence University
Siena College

North Carolina
Appalachian State University
East Carolina University
Mars Hill College
University of North Carolina-Charlotte
North Carolina State University-Raleigh

North Dakota
University of North Dakota

Ohio
Miami University
Ohio University
Wittenberg University

Oregon
Lewis and Clark College
Reed College

Pennsylvania
Clarion University of Pennsylvania
Dickinson College
Indiana University of Pennsylvania
Lebanon Valley College
Muhlenberg College
University of Pittsburgh
University of Scranton

South Carolina
College of Charleston
Clemson University
Coastal Carolina College-USC
University of South Carolina-Columbia

Tennessee
Memphis State University
University of Tennessee-Knoxville
Tennessee State University
Tennessee Technological University

Texas
St. Edward's University
Southwestern University
Texas Lutheran College
Texas Tech University

Utah
University of Utah
Utah State University

Vermont
University of Vermont

Virginia
George Mason University
Old Dominion University
Virginia Commonwealth University
Virginia Polytechnic Institute and State University
Virginia Wesleyan College

Washington
Central Washington University
Washington State University
Western Washington University
Whitworth College

West Virginia
West Virginia University

Wisconsin
University of Wisconsin System

Wyoming
University of Wyoming

Associate member
University of California Education Abroad Program (does not participate in exchanges)

Mr. **Smith**. Well, I will tell you one thing they are real excited about is getting $15 million for the Seville World's Fair in Spain. And in defense of it, I'll have to say this: They are short on money because of the impact of Section 614 of the 1990 Appropriations Act.

Father **Bradley**. I know that.

Mr. **Smith**. And we got on the floor Tuesday and got voted down on the bill that would have given them some more money, including funding for exchange programs. Anything you can do to help educate the Members of Congress on these things would be helpful. Some people say, oh, well, the cold war is over, we don't need to be doing these things any more. We have heard all kinds of arguments. But, anyway, anything you can do on that in that regard would be helpful.

Father **Bradley**. Thank you, Mr. Chairman.

Mr. **Smith**. Mr. Rogers.

Mr. **Rogers**. No questions. Thank you.

THURSDAY, MARCH 29, 1990.

INTERNATIONAL TRADE ADMINISTRATION

WITNESS

SCOTT SKLAR, EXECUTIVE DIRECTOR, U.S. EXPORT COUNCIL FOR RENEWABLE ENERGY

Mr. **Smith**. Next we have Mr. Scott Sklar.

Mr. **Sklar**. Hello, Mr. Chairman.

Mr. **Smith**. How are you?

Mr. **Sklar**. I am fine.

I represent the nine Renewable Energy Trade Associations we established to promote exports. Eighty percent of the renewable energy——

Mr. **Smith**. Eighty percent?

Mr. **Sklar**. Eighty percent, mostly to the Third World, photovoltaic installations used for water pumping, wind installations like these for power, solar steam installations for industrial processing. We are cost competitive now against diesel in all applications. USAID just put out this book for us to teach eight mission directors on that, and DOE——

Mr. **Smith**. What does the price of oil have to be before you——

Mr. **Sklar**. We are cost competitive with diesel right now, including maintenance costs——

Mr. **Smith**. In the United States?

Mr. **Sklar**. Everywhere. Worldwide. As a matter of fact, that is why the sales are up 40 percent for photovoltaics now. No incentives. The problem is that we are not the only country in the world that is looking to take over potential multi-billion dollar markets overseas. Obviously, Japan, Germany, other European countries—we are no different. We are facing concessionary financing and tied-aid programs.

What we are coming to ask you as an industry is something very simple. I know you are tight for money, but it is very simple. We are asking for a half a million dollars. Of that, we will cost-share a half a million dollars, and we will be able to do two things with that. One is do exactly what the Japanese are doing in terms of setting up generic industry technology education centers in the Caribbean Basin and in the Pacific Rim. The second thing we will be able to do is to assist the Department of Commerce in helping us develop exported technology analysis for us to help us compete better and understand what our competitors are doing. Commerce doesn't have the resources now. They do have the personnel.

The issue I want to mention to you is that we are very small. Ninety percent of us are small business. We have a cost-share. Within three years we think we can be in a very good competitive position. It is a small amount of money. I know it is tight, but I also have to say that if we don't do this, by the year 2000 you will be importing all your renewable energy equipment when you need it the most.

Mr. SMITH. We need to cut down oil imports, that is for sure.

Mr. SKLAR. Over 50 percent this year.

Mr. SMITH. But I understand that the wind facilities out in California—and I have seen them—are certainly in a logical location. You get wind there all the time.

Mr. SKLAR. Right.

Mr. SMITH. I understand they are not competitive.

Mr. SKLAR. In the mid-1980's they were not competitive because they were financed by tax credits. When the tax credits expired, the IRS come back in and said "we are going to retreat." And as a result, the companies that owned it have gone back. They have reinstalled equipment. It is very cost competitive—six cents a kilowatt hour for wind now, and that is no tax credits or anything. And California is going to bring on 1,600 more megawatts within two years—a nuclear power plant-and-a-half. So it really is cost competitive. The solar power is as well. We were on Channel 7 News two nights ago regarding the new steam plants.

Finally, there are emerging democracies around that we are being called upon to deal with, mostly because in rural areas you can't improve the basic quality of life. And so it is going to be photovoltaic refrigerators and wind and PV for lighting. There are basic quality of life issues in El Salvador, Nicaragua, Panama, Philippines. I was just named by the State Department to be at the Helsinki Accord meeting on the economic security of Europe. East Europeans are dying for rural power right now in a clean way.

So all I can say is we look for some guidance. I know it costs money, but a very little bit of money right now in the very short term will resolve the problem.

[The prepared statement of Mr. Sklar follows:]

US/ECRE
UNITED STATES EXPORT COUNCIL FOR RENEWABLE ENERGY P.O. BOX 10095 ARLINGTON, VA 22210-9998 703 524 6104
FAX: 703 527 2833

American Wind Energy Association
Cogeneration & Independent Power Coalition of America
National Geothermal Association
National Hydropower Association
National Wood Energy Association
Passive Solar Industries Council
Renewable Fuels Association
Solar Energy Industries Association
Volunteers in Technical Assistance
Wood Heating Alliance

TESTIMONY

by

SCOTT SKLAR
EXECUTIVE DIRECTOR
U.S. EXPORT COUNCIL FOR RENEWABLE ENERGY

before

HOUSE APPROPRIATIONS COMMITTEE
SUBCOMMITTEE ON COMMERCE, JUSTICE AND
STATE, THE JUDICIARY AND RELATED AGENCIES

MARCH 29, 1990
WASHINGTON, D.C.

INTRODUCTION

The U.S. Export Council for Renewable Energy (US/ECRE) was formed by the nine national trade associations to promote exports of alcohol fuels, geothermal, hydropower, passive solar, photovoltaics, solar thermal, wind and wood energy technologies and services. Our associations of manufacturers, service providers and component suppliers urge the Subcommittee on Commerce, Justice and State, The Judiciary and Related Agencies to:

> Provide the U.S. Department of Commerce International Trade Administration with a $250,000 allocation for export outreach support of the renewable energy industry in which exports account for 65 percent of our aggregate sales through cost-shared overseas export assistance offices in the Caribbean Basin and Pacific Rim.
>
> Provide support of $250,000 as an add-on to current ITA export support activities to assist the renewable energy industries to compile and analyze statistical sales data on exports as a way to help our industry in strategic planning to insure our dominance of the international markets vis-a-vis our international competitors.

The reasons for these requests are quite simple. U.S. government-imposed restrictions on use of tied-aid and concessionary financing are seriously undercutting our industries which are locked in an intense battle for the world markets. The year 1990 represents a critical time for the U.S. renewable energy industries, and we cannot afford to lose world markets which are the very life blood of our industries' survival. The U.S. Department of Commerce's support has been very, very important to the increase we have experienced in world market share, and that support must be enhanced.

Our international competitors have successfully directed their development and export assistance programs to increase the use of renewable energy resources while building their renewable energy industries, in some cases to surpass the United States. The U.S. Agency for International Development has published "Renewable Energy Agriculture & Health" which clearly describes a series of cost-effective renewable energy applications--most of which can easily compete today against remote diesel generation and electric-grid extension. The export programs of the United States of America must expand these renewable energy applications many-fold to promote real economic growth and curtail profound environmental degradation.

THIRD WORLD DEPENDENCE-A MULTI-BILLION DOLLAR MARKET OPPORTUNITY

One of the most overwhelming economic issues facing the developing countries is how to best initiate policies to deal with increasing Third World debt. This increasing debt has the potential to undermine our entire world economic system. Yet in the face of this reality, the basic policies of both the U.S. Agency for International Development and the international development banks (which we in-part fund) actively promote increased reliance on fossil fuels and large-scale electrical systems.

The economic arguments for renewable energy development are very clear. Greater use of indigenous energy resources will offset conventional energy imports, and decrease debt. Greater use of renewable resources are very labor intensive, and will increase employment. Development of renewable energy resources will increase the rural access to energy, thus stemming urban migration and building rural economies. Use of renewable resources will promote reforestation, and decrease the mining of timberland. Since the U.S. leads the world in renewable energy technologies and services, if we build these overseas markets our country will reap the billions of dollars as a result of pragmatic policies to increase use of renewable energy technologies. The United States policy ought to be explicit. Export programs supported by the United States government must: 1) Support local resource development, 2) Promote those U.S. industries able to provide renewable energy equipment and services, and 3) Focus on rural development through renewable energy conservation and model energy privatization programs. Far too much assistance has been given to promote conventional energy systems which are notoriously poorly managed, and where most of the diesel equipment is supplied by European or Japanese countries.

Energy conserving technologies such as passive solar architecture or solar water heating are essential to displace the need for energy production. The tourist industry uses these technologies as a matter of course throughout the Third World. Now is the time to expand this technical experience to the mainstream of the developing world. Training and access to capital are the only two barriers to expand the use of these new technologies.

Both solar electric (photovoltaics) and wind energy have been proven as cost effective ways to produce electricity for remote applications which include lighting, water pumping/irrigation, refrigeration, and communications. Establishment of "bundling" many small applications into large projects for easy financing is critical to move these technologies into rural areas. One of the greatest environmental problems affecting the developing world is the rural migration to the cities. Only by spurring rural development through greater use of remote power will such trends be stemmed. Greater use of remote irrigation and water pumping can also be one of the answers to deforestation by turning deserts into, once again, productive, job creating entities.

The World Bank, USAID, and the other multilateral banks appear to be infatuated with large-scale, centralized projects. Most of their funding supports the large-scale use of coal, diesel, and even hydropower. Even in our own country, the investment community has begun to turn away from very large-scale electric plants to smaller, more modular approaches to electric production. Modular electric plants allow the utility sector to be more responsive to market fluctuations. And quite frankly, if large power plants are not operating to capacity, they aren't very economical. Most utilities in the Third World are poorly managed, experience great loss of electricity due to "line theft" and as a result are not reliable. Most U.S. programs and the development banks, while acknowledging the problem, still promote the large-scale electric approach. The same could be said of transportation fuels, particularly in sugar-producing countries, where ethanol may supplant gasoline as a fleet fuel.

Biomass, geothermal, hydropower, wind and solar thermal technologies produce thousand of megawatts in the United States today. Their use is expanding throughout the world at a rapid rate. Our industrial competitors are promoting these technologies far more aggressively than we are because they sense a lack of resolve to commercialize these applications by the United States. All the renewable energy technologies are more effectively used in smaller applications and fit best in modular production schemes.

The U.S. industry needs some minor assistance to compile our own sales data in a way that can be compared with those of our competitors. The U.S. Department of Commerce International Trade Administration has the capability to assist us in this effort. From this information, our industries can begin to develop a more "fine-tuned" set of strategies to better market our technologies and services to a diverse set of enduse and geographic defined markets.

The only way our industries, of which over 90 percent can be characterized as small businesses, can effectively compete against international competitors who utilize tied-aid and concessionary financing, is greater promotion and education promoting quality of our technology, services, and training/maintenance programs. The only way to achive an awareness of this "added value" is an outreach program focussed on the Caribbean Basin and Pacific Rim, our prime market areas.

CONCLUSION

The U.S. Export Council for Renewable Energy's request on behalf of the United States renewable energy industries is to enhance the U.S. Department of Commerce International Trade Administration's role by providing $250,000 for sales and market analysis and $250,000 for market outreach and education.

We are very much aware of the larger issues that the Subcommittee must oversee. But our industries have much to contribute, particularly if our international markets grow, in developing U.S. jobs, cutting Third World debt, lessening emissions that contribute to global climate change, and increasing the quality of life in the developing world. We believe our $500,000 cost-shared request is a modest one.

Therefore, we hope that the Subcommittee will be able to assist us in this small way, and we can assure you that your support will help our industries grow, reaping great benefits for the United States and the developing world. Thank you.

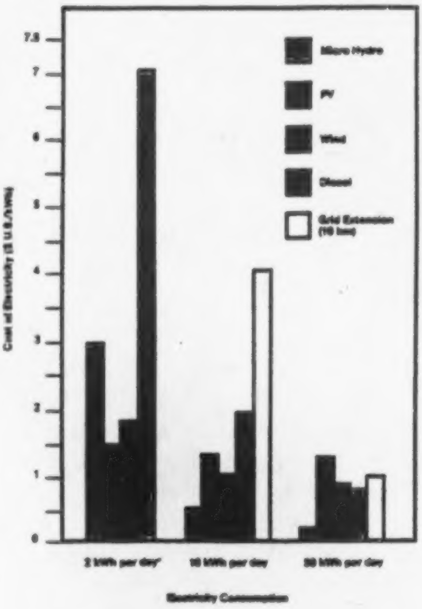
Economics

Depending on the amount of electricity required, photovoltaic, wind, and micro-hydroelectric technologies can be economical sources of power where the renewable resource base exists. Figure 8 shows the costs of providing electricity to remote communities using renewable energy systems, diesel generators, and grid extension for consumption levels of 2, 10, and 50 kWh/day. These levels represent the approximate needs of 1, 5, and 25 rural families, respectively.

As shown, wind, photovoltaic, and micro-hydro systems are cheaper than diesels when energy demand is low (less than 50 kWh/day). This occurs because the renewable system can be more easily sized to meet small electrical loads than can diesel generators. In particular, photovoltaic and wind systems are the least cost alternatives at consumptions levels of 2 kWh/day, while micro-hydro is the most competitive option at loads of 10 kWh/ day.

At higher consumption levels (up to 50 kWh/day), micro-hydroelectric systems continue to be the least cost solution. Photovoltaic and wind technologies have electricity costs comparable to diesel generation and electric grid extension at this scale.

Cost of Electricity for Multiple Uses



Assumptions:
1. Solar insolation: 4-6 kWh/m^2/day.
2. Fuel costs: U.S. $0.50-1.00/liter.
3. Micro-hydro analysis assumes that the flow rate is adequate year-round and the diesel analysis assumes that fuel and maintenance services are supplied reliably year-round.
4. Discount rate: 10%
5. Windspeed: 5 m/sec
6. *Grid extension not considered at 2 kWh per day.

Mr. ROGERS. Have you got any portable units you can take to Lithuania tonight?

Mr. SKLAR. Mr. Rogers, when you want them, we are ready to do it.

Mr. ROGERS. They may need it overnight.

Mr. SMITH. Thank you for appearing before us today, Mr. Sklar.

Mr. SKLAR. Thank you very much for your time.

THURSDAY, MARCH 29, 1990.

TRAVEL AND TOURISM ADMINISTRATION

WITNESS

EDWARD R. BOOK, PRESIDENT, TRAVEL INDUSTRY ASSOCIATION OF AMERICA, ON BEHALF OF TRAVEL AND TOURISM GOVERNMENT AFFAIRS COUNCIL

Mr. SMITH. Next we have Edward Book from the Travel and Tourism Government Affairs Council.

Mr. BOOK. Good morning to you, Mr. Chairman and members of the Committee. It is indeed a privilege to have this opportunity to meet with you today to discuss the 1991 budget request of the United States Travel and Tourism Administration, USTTA. My name is Edward R. Book. I am the president of the Travel Industry Association of America, TIA, and I am also vice chairman of the Travel and Tourism Government Affairs Council, an affiliate of TIA. It is on behalf of the Council that I appear before you today.

Mr. Chairman, 1989 marked the beginning of an extraordinary journey; an odyssey of change that is at once political, economic, social, and cultural. I know that I am not the only American both astounded and delighted by these changes, but unlike most Americans, I was not at all surprised by the role played by travel in the demand for democracy and freedom.

Mr. Chairman, this almost miraculous series of events leaves us, the travel industry and the Congress, with an opportunity which only a few months ago was unimaginable. The world is and will continue to be moving fast to take advantage of what will surely be an explosion in international tourism. And despite our apparent strengths in the worldwide marketplace, we are in danger of falling behind.

The Department of Commerce estimates that in 1989 the United States hosted 38 million foreign visitors with total receipts of over $43 billion, once again making tourism America's largest export industry.

Today, tourism is also the world's largest business. Worldwide, tourism is a $2 trillion industry. Indeed, if travel were a country, it would be the fourth largest economy in the world, behind the United States, Soviet Union, and Japan. The U.S. share of the world international receipts is currently just 16.4 percent, only two-tenths of a percent above the 1984 figure which was our previously all-time high. We bottomed, by the way, at 13.9 percent in 1987. To give some perspective to these figures, Mr. Chairman, each one percent of market shares equals $2 billion in export revenue.

The administration has requested $14.3 million for fiscal year 1991 funding for the United States Travel and Tourism Administration. We are pleased that the administration has recognized the value of generic government tourism promotion by recommending modest funding for this important export promotion program. Yet, by comparison, even a casual television viewer is familiar with the very successful multi-million dollar campaigns of Australia, Canada, the Irish Governments, among many others, to attract more American visitors to their shores.

In 1988, the latest year for which data is available, the U.S. ranked 56th in per capita spending by national tourism organizations, just below Haiti. In 1987, we ranked 45th. How can we tolerate U.S. spending on tourism promotion that, on a per capita basis, is less than 56 other nations? Less than Togo and Tonga, less than Zimbabwe, less than Zambia. When the intensity of world competition is viewed in tandem with our stagnant market share, it is easy to see that we cannot expect to remain competitive at this rate. Given the fact that the world market has mushroomed almost overnight, this trend is, in our view, alarming.

I might point out the U.S. travel and tourism industry stands ready to work cooperatively with the Federal Government to maximize our mutual efforts to expand inbound international tourism in the United States. Only last month, the USA Marketing Council, a group of leading international marketing executives assembled by TIA from all segments of the U.S. travel and tourism industry, presented Secretary Mosbacher with a proposed marketing plan for the United States in the 1990's. This plan plots a reasonable and viable course that the USTTA and the private sector can pursue in partnership, to improve our country's market share of global international tourism receipts by a sustainable one percent over a five-year period. This increase will raise total U.S. receipts $64 billion to $77 billion by 1995.

USTTA, despite the fact that its current funding level is little more than a typo in the Federal budget, is doing some good things. But this is at the heart of our frustration. So much more could be done.

We are encouraged, however, by the many Members of Congress who are starting to look upon the development of international tourism as an important and potentially spectacular source of revenue. Legislation has been introduced in both the House and the Senate which would improve tourism export promotion programs and reauthorize USTTA. Sponsored by Representative Tom Luken, chairman of the House Energy and Commerce Subcommittee on Transportation and Hazardous Materials, the Tourism Policy and Export Promotion Act of 1991 has over 90 original cosponsors and is supported by the entire travel and tourism industry. Hearings are expected to be held this spring.

We are extremely optimistic that this legislation will pass before the end of the year and, while asking for your support, we will keep you abreast of its progress as you continue your deliberations throughout the appropriations process.

As alluded to earlier, we are delighted that the President has seen fit to propose a funding level for USTTA that keeps the agency viable. We are also pleased that this proposal comes without the usual "user fee contingency." We understand, however, that the administration intends to pursue such a fee in the near future. If I may make a point about that at this time, this and many other user fee schemes that have been advanced in the recent past, I have one thing to say about them and that is this: I am opposed to them and the industry is opposed to them.

I find it doubtful that Congress, for example, would even consider imposing a special "export tax" on agriculture, automobiles, or any other export product that the United States is attempting to put in the global trade market. American goods and services need to be sold in the world market, and we don't need to tax those services as we would if we were to put this "user fee" on inbound tourism in this country.

The travel and tourism industry is fully cognizant of the seriousness and enormity of the Federal budget deficit. Difficult decisions must be made. The political and economic transformation of much of the world notwithstanding, however, we believe that the incredible growth in international tourism makes new initiatives in the tourism trade development prudent at this time. Recent events make such initiatives imperative.

I might say parenthetically that the current trend in international tourism is the explosive growth of tourism in the interior States of the country. For years, the arrival cities, the New Yorks, the San Franciscos, the Miamis, were the place where all our visitors went to. We now find that they are visiting many of our States that are not along the borders of the country or along the water. For example, the State of Iowa from 1984 to 1989 had a 175 percent increase in international tourism, from 36,000 visitors to 100,000. Those are not large numbers by comparison to the 38 million who visit this country, but it shows that there is potential growth. And our research indicates that the second, third, multiple-time visit, in fact, is interested in visiting what they refer to as the "real America."

So, Mr. Chairman, the opportunity abounds for us to support this important industry that produces the jobs and the taxes so necessary to operate our country. I thank you for this opportunity to appear.

[The prepared statement of Mr. Book follows:]

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American Bus Association
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Travel Directors
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Travel Industry Association
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An Affiliate of

Travel Industry
Association of America

Statement in Support of Funding for
the U.S. Travel and Tourism Administration

Before the Subcommittee on Commerce, Justice, State, Judiciary and related agencies.

Committee on Appropriations

March 29, 1990
11:45 a.m.

Presented by:

Edward R. Book

Vice Chairman,
The Travel and Tourism Government Affairs Council

President,
Travel Industry Association of America

Good morning Mr. Chairman and members of the Subcommittee. It is indeed a privilege to have this opportunity to meet with you today to discuss the 1991 budget request of the United States Travel and Tourism Administration (USTTA).

My name is Edward R. Book and I am President of the Travel Industry Association of America, or TIA. It was my honor to succeed William D. Toohey who testified before you many times before his retirement last September. I am also Vice Chairman of the Travel and Tourism Government Affairs Council and it is on behalf of the Council that I appear before you today. The Council, an affiliate of TIA, consists of 43 major national travel and tourism trade organizations, corporations and labor organizations.

Mr. Chairman, 1989 marked the beginning of an extraordinary journey; an odyssey of change that is at once political, economic, social and cultural. I know that I am not the only American both astounded and delighted by these changes. But unlike most Americans, I was not at all surprised by the role played by travel in the demand for democracy and freedom.

Most Americans take for granted the intrinsic relationship between travel and freedom. But the world is reminding us that travel is not a privilege to be granted by a benevolent government, but a fundamental human right--that has and will be demanded by all citizens--cannot be surrendered--nor long denied.

Mr. Chairman, this almost miraculous series of events leaves us--the travel industry and the Congress--with an opportunity which only a few months ago, was unimaginable. The world is, and will continue to be, moving fast to take advantage of what will surely be an explosion in international tourism, and despite our apparent strength in the worldwide marketplace, we are in danger of falling behind.

The Department of Commerce estimates that in 1989 the United States hosted some 38 million foreign visitors who spent over $43 billion in our economy--once again making tourism America's largest export. Moreover, we have now realized a $1.2 billion tourism trade surplus--our first ever. In view of the number of Americans who are likely to visit Eastern Europe in the fairly near future, however, any surplus must be now be considered, at best, fragile.

As impressive as these figures are, they fail to take into account how truly massive is the world tourism market. Now widely recognized as the world's largest business, worldwide international tourism is a $2 trillion industry. Indeed, if travel were a country, it would be the fourth largest--after the U.S., the Soviet Union and Japan.

Yet, the U.S. share of this enormous market is currently just 16.4%, only two-tenths of a percent above the 1984 figure of 16.2%, and after bottoming out at 13.9% in 1987. To give some perspective to these figures, Mr. Chairman, each one percent of market share equals $2 billion in export revenue.

The Administration has requested $14.3 million in FY 1991 funding for the United States Travel and Tourism Administration.

We are pleased that the Administration has recognized the value of generic government tourism promotion by recommending funding for this important export promotion program. In order for the United States to earn its appropriate share of the travel and tourism market, we must be more active in competing for international visitors.

Every industrialized nation--and many developing nations as well--spends more money to generate export revenue than does the United States, giving them a profound edge in this intense global competition. Even the casual television viewer knows how Australia, Canada, Ireland and other nations successfully campaign in the United States to attract more American visitors. In 1988, the latest year for which data is available, the U.S. ranked 56th in per capita spending by national tourism organizations, just below Haiti. In 1987, we ranked 45th. In terms of total dollars spent, we rank 28th. In 1987, we ranked 19th. How can we tolerate U.S. spending on tourism promotion that on a per capita basis is less than 56 other nations--less than Togo or Tonga--less than Zimbabwe or Zambia. [Appendix 1] When the intensity of world competition is viewed in tandem with our stagnant market share, it is easy to see that we cannot expect to remain competitive at this rate. Given the fact that the world market has mushroomed almost overnight, this trend is, in our view, alarming.

I might point out the U.S. travel and tourism industry stands ready to work cooperatively with the federal government to maximize our mutual efforts to expand inbound international tourism to the United States. Only last month, the USA Marketing Council, a group of leading international marketing executives assembled by TIA from all segments of the U.S. travel and tourism industry, presented Secretary Mosbacher with a proposed marketing plan for the United States in the 1990s. The Council spent a year examining the international tourism market, including: the increasing competition between governments for international visitors, the historical and likely future performance of the United States in international tourism trade and strategies available to return the United States to previously held competitive positions. This plan plots a reasonable and viable course that the USTTA and the private sector can pursue in partnership, to improve our country's market share of global international tourism receipts by a sustainable one percent over a five-year period. This increase will raise total U.S. receipts to $64-77 billion by 1995.

USTTA, despite the fact that its current funding level is little more than a typo in the federal budget, is doing some good things. Most importantly, it provides coordinated marketing opportunities that USTTA, and only USTTA could undertake. But that is at the heart of our frustration. So much more could be done.

We are encouraged, however, by the many Members of Congress who are starting to look upon the development of international tourism as an important and potentially spectacular source of revenue. Legislation has been introduced in both the House and the Senate (H.R. 4369 and S. 1791) which would improve tourism export promotion programs and reauthorize USTTA. Sponsored by Rep. Tom Luken (D-OH) in the House, Chairman of the House Energy and Commerce Subcommittee on Transportation and Hazardous Materials, the Tourism Policy and Export Promotion Act of 1991 has over 90 original cosponsors and is supported by the entire travel and tourism industry. Hearings are expected to be held this spring. The Senate bill, sponsored by Sen. John D. Rockefeller, IV, (D-WV) was introduced last year and was the subject of two hearings last fall. S. 1791 has 49 cosponsors and is expected to be marked up in early April. There are slight differences in the two bills but both:

o would improve the collection and analysis of tourism-related statistics;

o improve coordination between trade promotion agencies and USTTA;

o create a rural tourism foundation to assist USTTA in the promotion of rural tourism;

o require the U.S. Trade Representative to identify tourism trade barriers;

o require the Secretary of Commerce to develop a study on the economic impact of scenic byways; and

o authorize USTTA for three years at modest funding levels.

We are extremely optimistic that this legislation will pass before the end of the year and while asking for your support, will keep you abreast of its progress as you continue your deliberations throughout the appropriations process.

As alluded to earlier, we are delighted that the President has seen fit to propose a funding level for USTTA that keeps the agency viable. We are also pleased that this proposal comes without the usual "user fee contingency." We understand that the Administration, however, intends to pursue such a fee in the near future. If I may make a point about the many user fee funding schemes we've seen advanced over the years: I oppose them. In addition to the fact that other dedicated user fees have been languishing in their respective trust funds, such fees tend to set off a chain reaction of international retaliation that is harder to stop than start. Moreover, I find it doubtful that Congress would even consider imposing a special "export tax" on agriculture, automobiles or any other export product when expanded global trade in American goods is an objective we are otherwise working so hard to achieve. An additional departure fee is just such a tax, whether or not it is intended to fund USTTA.

The travel and tourism industry is fully cognizant of the seriousness and enormity of the federal budget deficit. Difficult decisions must be made. The political and economic transformation of much of the world notwithstanding however, we believe that the incredible growth in international tourism makes new initiatives in tourism trade development prudent at the least. Recent events make such initiatives imperative. Thank you.

Figure 2

APPENDIX 1

PER CAPITA SPENDING BY NATIONAL GOVERNMENT TOURISM ORGANIZATIONS (1988)

Country	(US $)	Country	(US $)
1. Bahamas	$124.27	29. Tonga	$1.78
2. Yugoslavia	19.33	30. Australia	1.74
3. Italy	15.83	31. St. Vincent-Gren.	1.56
4. Peru	14.03	32. Trinidad/Tobago	1.47
5. Cyprus	13.98	33. Jamaica	1.16
6. Ireland	11.69	34. Turkey	1.00
7. Singapore	11.47	35. Morocco	0.77
8. Barbados	10.69	36. Honduras	0.66
9. Greece	9.81	37. Zambia	0.65
10. Austria	7.40	38. United Kingdom	0.61
11. Grenada	6.24*	39. Jordan	0.49
12. Tunisia	5.20	40. Venezuela	0.43
13. Mauritius	3.99	41. Portugal	0.35
14. Hong Kong	3.47	41. Thailand	0.35
15. Switzerland	3.22	43. South Korea	0.33
16. Mexico	3.02	44. Dominican Republic	0.30
17. St. Kitts-Nevis	2.96	45. Suriname	0.29
18. Saint Lucia	2.88	46. Colombia	0.20
19. Malaysia	2.73	46. Togo	0.20
20. Panama	2.36	46. Senegal	0.20
21. Brazil	2.33	49. Comoros	0.15
22. Fiji	2.19	50. Guatemala	0.14
23. Belgium	2.09	50. Japan	0.14
24. Costa Rica	2.04	52. Zimbabwe	0.12
25. Spain	2.02	53. Sri Lanka	0.11
26. Hungary	2.01	54. Philippines	0.10
27. Netherlands	1.90	55. Haiti	0.08
28. Canada	1.81	56. United States	0.05

Notes: A number of countries expected to rank higher than the United States, including such countries as West Germany, France, Denmark, Finland, Norway, Sweden, New Zealand, and Israel did not report.

** Indicates Travel and Tourism Government Affairs Council estimate.*

Source: World Tourism Organization and Travel and Tourism Government Affairs Council

Mr. SMITH. Mr. Rogers?

Mr. ROGERS. No questions.

Mr. SMITH. Okay. Thank you very much for presenting you testimony.

AFTERNOON SESSION

THURSDAY, MARCH 29, 1990.

ECONOMIC DEVELOPMENT ADMINISTRATION

WITNESSES

HON. WILLIAM LEHMAN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF FLORIDA

JULE LITTMAN, COUNCILMAN, CITY OF NORTH MIAMI BEACH, FL

Mr. DWYER [presiding]. The meeting will please come to order. Congressman Lehman?

Mr. LEHMAN. Mr. Chairman, I appreciate your giving us some time here today. It is a privilege to be here to introduce a distinguished councilman from North Miami Beach, a very important area in a very important city in the district that I represent. Also with us today is City Manager Michael Roberto and the architect for the City of North Miami Beach, Gil Rosenkoff.

They are here today to make a request for an EDA grant of $1.5 million to renovate and restore a city building in that area so that it can be used to upgrade the cultural business and cultural activities in that community.

I am sure that Councilman Littman can do a much better job than I can of expressing the needs for this particular request. Again, thank you. I will step aside and put the ball in their court.

Mr. DWYER. Thank you, Congressman. As you start to testify, please give your names for the purposes of the record.

Mr. LITTMAN. Thank you. My name is Councilman Jule Littman from the city of North Miami Beach, Florida. I bring you greetings, and I thank Congressman Lehman for the fine introduction, and I thank you for hearing this.

The city of North Miami Beach has a 36,000 population, and during the tourist season it almost doubles. For the size of our city, there is not another town or community in the State of Florida that can compare in the amount of services that we give to our youth and elderly. For our youth, we have a city-operated daycare center, after-school programs and summer camps. In cooperation with the Optimist Club, over the years thousands upon thousands of children were provided with supervised baseball and football programs through all of our recreational facilities. For our elderly, we coordinate a Meals on Wheels program through which hot meals are delivered to homebound individuals. We serve lunch daily to approximately 150 people. And we distribute surplus food to over 300 families once a month. Besides that, we provide concerts upon concerts and programs to all our citizens, as well as the quarter of a million population of our immediate surrounding areas of north Dade and south Broward counties.

Most of these programs are free to the public. We are the only city in the State of Florida, regardless of size, to have its own symphony orchestra. For that matter, for our size we are the only city in the United States of America that has its own full symphony orchestra with 55 professional musicians. We are here this afternoon on behalf of our community to enlist your aid in helping to fund the new proposed conversation of our Victory Park Auditorium which was built in 1962 into a performing arts and cultural center. It will cost approximately $2.5 million. This change has come about due to the population of the people living longer and the influx of people that use our facilities.

At this time, I would like to introduce our city manager, Michael Roberto.

Mr. **Roberto**. Thank you, sir. I am Mike Roberto, city manager of North Miami Beach.

The basic purpose of this conversation is—originally the population of North Miami Beach was considerably younger, and the basketball facility became an integral part of the community. We have decided to convert the facility basically to meet the needs of the people in our immediate community and the unincorporated area surrounding North Miami Beach.

This year alone we have put on almost 36 events in the Center. Our problems with the Center are things like inadequate lighting; the air conditioning units really can't produce to support a 1,200-person facility. It is a basketball arena, so as a result the sound is quite inadequate. It is in need of all those acoustical accompaniments in order to make the place really just sound better and provide a better service to the public.

Within a 10-mile radius, we've got a population of about a half a million people, and we've found that the people in the area are in very much of a need for this type of facility. From the survey we have been able to do and from the turnout, as we noted in the report, there is clearly a very strong desire in the community for events, for a theater-type of structure to put on these types of events, and we feel that we can provide for it. But in order to do it, we have to change the facility to be really more geared toward these type of events.

Mr. **Rosenkoff**. My name is Gil Rosenkoff. I am the architect from SG2 Architects who has been hired to do some preliminary studies to analyze the conversion of this existing facility.

We presently have a 17,000 square foot gymnasium that we are looking to convert it into a performing arts theater. We are proposing to add a second floor balcony which would seat an additional 300 people that would be approximately 6,000 square feet. The scope of work that basically we would have to address is not building an entire facility. We are very fortunate in that respect. The building was built back in the 1960's and is still in sound condition. However, there will be modifications required. Part of that is, of course, enlarging the existing stage facilities and the back stage facilities which would include offices, concessions, storage, dressing rooms, service entry and delivery, and the introduction of sloped flooring and new seating to handle the proposed 1,200 capacity.

At the same time, we have to upgrade this 30-year-old facility to meet the present day codes, fire standards, and life safety codes. Minor structural modifications will be made to accommodate the new HVAC and lighting and acoustical ceiling panels that will be supported from the roof, and that looks like the biggest structural modification other than introducing a new balcony and additional stairwells and elevators.

The other work that would be required is the systems upgrade. Electrical service is inadequate, as Mr. Roberto has already said. We would have to improve the service to handle new lighting, new sound system, and HVAC system to accommodate 1,200 people.

Plumbing is adequate. It needs a little bit of modification to handle the new occupancy, but the biggest plumbing situation and cost will be introducing a new fire sprinkler system to meet the fire code. And, of course, the occupancy requires that.

We feel this is a viable project because we have a structure that is of a certain size that can handle it. Minor conversion would be required. We have adequate facilities for parking. Handicapped is somewhat met, but we would have to upgrade the handicapped requirements for the building. But the preliminary estimates indicate that the construction would be within $100 per square foot as far as cost is concerned.

Mr. LITTMAN. That basically is it.

Mr. LEHMAN. Mr. Chairman, I ask unanimous consent that the extraneous material that we have them be included in the record.

Mr. DWYER. This will be so ordered and made part of the record.

[The information follows:]

THE CITY OF NORTH MIAMI BEACH

PROPOSED AUDITORIUM/GYMNASIUM CONVERSION INTO A

1200 SEAT PERFORMING ARTS AND CULTURAL CENTER

March 23, 1990

Mayor Jeffrey Mishoon

Councilman Jay Chernoff
Councilwoman Sally Heyman
Councilman John Kurzman
Councilman Jules Littman
Councilman Raymond Marin
Councilman Joe Moffat

ARCHITECT: SG2 ARCHITECTS

The City of North Miami Beach is requesting federal assistance in the conversion of an existing 17,625 square foot Auditorium/Gymnasium into a 1200 seat Performing Arts and Cultural Center. The construction of such a facility not only has been a dream for many of the elected officials, but has become a necessity for the changing needs of the citizenry at large.

It is a fact that the residents of North Miami Beach and surrounding areas have no opportunity to attend cultural affairs and activities at a convenient and safe location. Because of the number of retired citizens as well as an ever increasing population of middle class families in this area, there is an enormous cultural void that the officials of North Miami Beach are requesting your assistance in filling.

When the existing facility was originally built, in 1962, the greatest need of the community was for a recreational facility. Almost thirty years later, with the City's changing demographics and major growth patterns, the primary use of the facility has changed. The community needs have shifted from basketball to the arts and culture. The proposed conversion of the Auditorium/Gymnasium into a Performing Arts and Culture Center will improve the lifestyle and promote educational and cultural programs for the citizens of North Miami Beach.

It is important to note that the land, on which the existing Auditorium/Gymnasium is located, is currently owned in total by the City of North Miami Beach. The City intends to utilize all funds appropriated for interior construction and related costs. This project, upon completion, will allow 1,200 residents to enjoy professional symphonies, Broadway shows, operas, ballets, etc...on a regular scheduled basis. Residents who now patronize the facility are subjected to inadequate lighting, air conditioning, seating and sound system, as well as electrical power outages. The Mayor and City Council Members are certain that citizen participation would be overwhelming if the upgrade of this existing facility is accomplished.

The following pages detail the proposed scope of work for the Performing Arts and Cultural Center, a time frame in which to complete said project, a preliminary construction budget and a Cultural Events Agenda for 1989 and 1990.

SCOPE OF WORK:

The City of North Miami Beach is planning the conversion of an existing 17,625 square foot Auditorium/Gymnasium into a 1200 seat Performing Arts and Cultural Center. To achieve this goal, the existing structure will require the following:

* Enlargement of existing stage and backstage.
* Raise the existing floor to accommodate a sloping seating arrangement.
* Structural modifications to accommodate a new 300 seat balcony.
* New Air-conditioning system.
* Upgrade existing electrical service and install new lighting system.
* New Sound System.
* New stairways and elevators.
* New seating (total 1200 including balcony).
* Modify existing toilet facilities.
* New fire sprinkler system.

SQUARE FOOTAGE ANALYSIS:

1st Floor	17,625 square feet
2nd Floor -	
Balcony/Lobby	3,895 square feet
Offices/Storage	2,235 square feet
Total Square Footage:	23,755 square feet

Construction Cost per square foot................$105.25/square foot

TIME BUDGET:

The City of North Miami Beach anticipates that it will take approximately 24 months to plan, design and construct the work for the Auditorium conversion.

Design and Construction Documents - 6 to 8 months
Bidding/Contract Negotiations - 2 months
Construction - 12 to 14 months - 12 to 14 months

CITY OF NORTH MIAMI BEACH
PROPOSED PERFORMING ARTS AND CULTURAL CENTER
PRELIMINARY CONSTRUCTION BUDGET

DESCRIPTION		TOTAL
General Conditions	$	50,000.00
Demolition		35,000.00
Permits/Testing		7,500.00
Masonry and Concrete		330,000.00
Carpentry		200,000.00
Millwork		40,000.00
Thermal and Moisture Protection		300,000.00
Roofing, Caulking and Sealants		19,500.00
Metal Doors and Frames		30,000.00
Access/Egress and Stairs		25,000.00
Stucco		115,000.00
Drywall Work		230,000.00
Flooring		167,500.00
Painting and Finishes		325,000.00
Specialties (seating, drapery, elevator)		120,000.00
HVAC		133,000.00
Plumbing (fire sprinkler systems)		162,000.00
Electrical Work (sound and lighting system including new service)		148,000.00
Sub-total	$	2,437,500.00
Contingency		62,500.00
Total	$	2,500,000.00

FUNDING:		
Federal Appropriations	$	1,500,000.00
North Miami Beach In-Kind Services		500,000.00
North Miami Beach General Funds		500,000.00
TOTAL	$	2,500,000.00

CULTURAL EVENTS AGENDA
1989 - 1990

1989

DATE	ACTIVITY	ATTENDANCE
3/1/89	South Florida Youth Symphony	1373
3/2/89	* Professional Entertainment Show	1247
3/5/89	South Florida Youth Symphony	655
3/12/89	North Miami Beach Symphony	763
3/16/89	Let Me Entertain You	1686
4/2/89	North Miami Beach Symphony	592
4/6/89	* Professional Entertainment Show	1329
4/15/89	Appreciation Dinner	556
4/30/89	Ballet	987
5/4/89	* Professional Entertainment Show	1444
5/21/89	South Florida Youth Symphony	512
6/1/89	* Professional Entertainment Show	1189
6/3/89	Chinese Dancers	899/rental
7/6/89	* Professional Entertainment Show	1102
8/3/89	* Professional Entertainment Show	879
9/7/89	* Professional Entertainment Show	1052
10/5/89	* Professional Entertainment Show	1222
11/2/89	* Professional Entertainment Show	1682
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11/12/89	South Florida Youth Symphony	822
12/3/89	North Miami Beach Symphony	726
12/7/89	* Professional Entertainment Show	1232
12/17/89	North Miami Beach Symphony (outdoor)	643
TOTAL 1989:		23,391

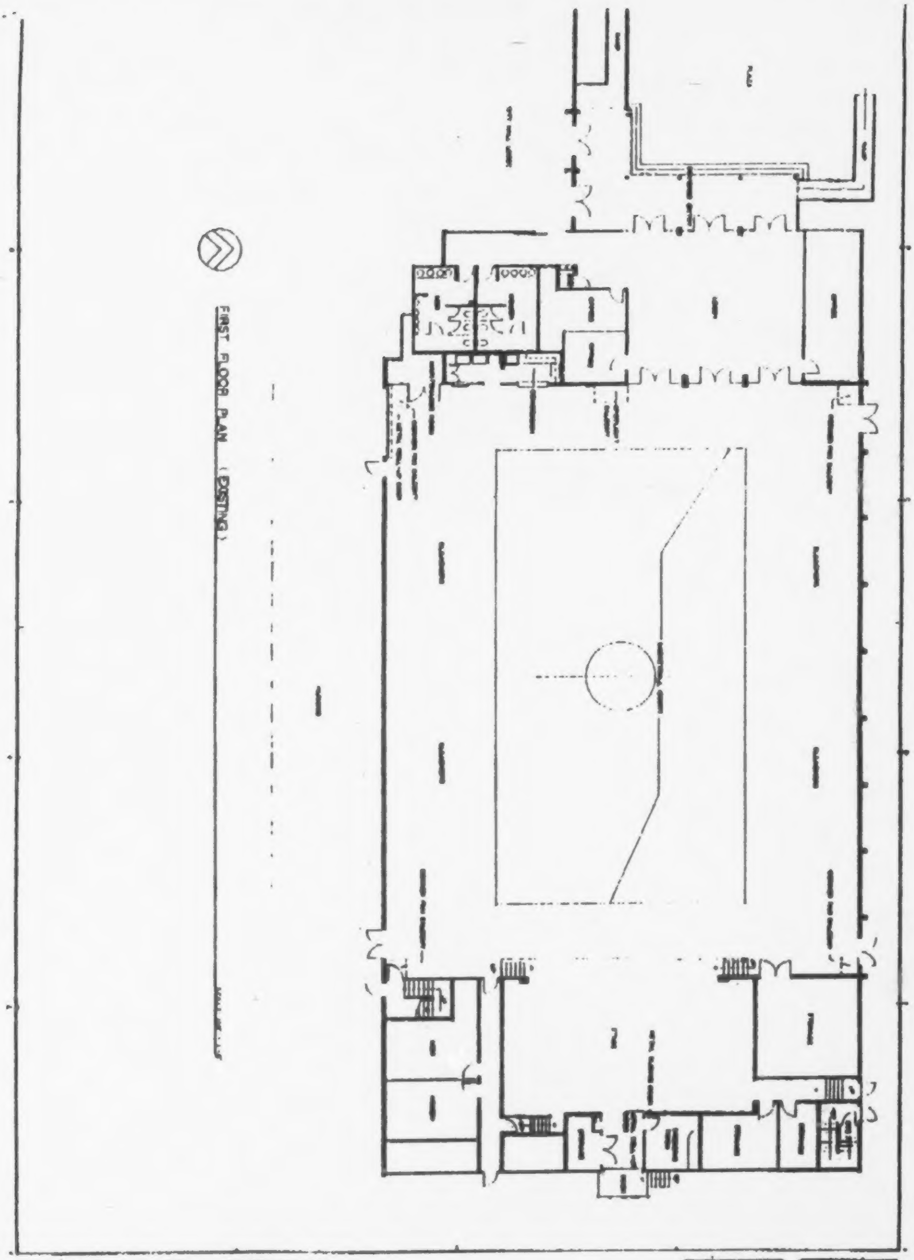
1990

1/4/90	* Professional Entertainment Show	700
1/6/90	Fiddler On The Roof	1785
2/1/90	* Professional Entertainment Show	1323
2/11/90	Love-In Concert	855
2/25/90	South Florida Youth Symphony	678
3/1/90	* Professional Entertainment Show	763
3/4/90	North Miami Beach Symphony	591
3/11/90	South Florida Youth Symphony	527
3/15/90	Let Me Entertain You	876
3/21/90	North Miami Beach Symphony	582

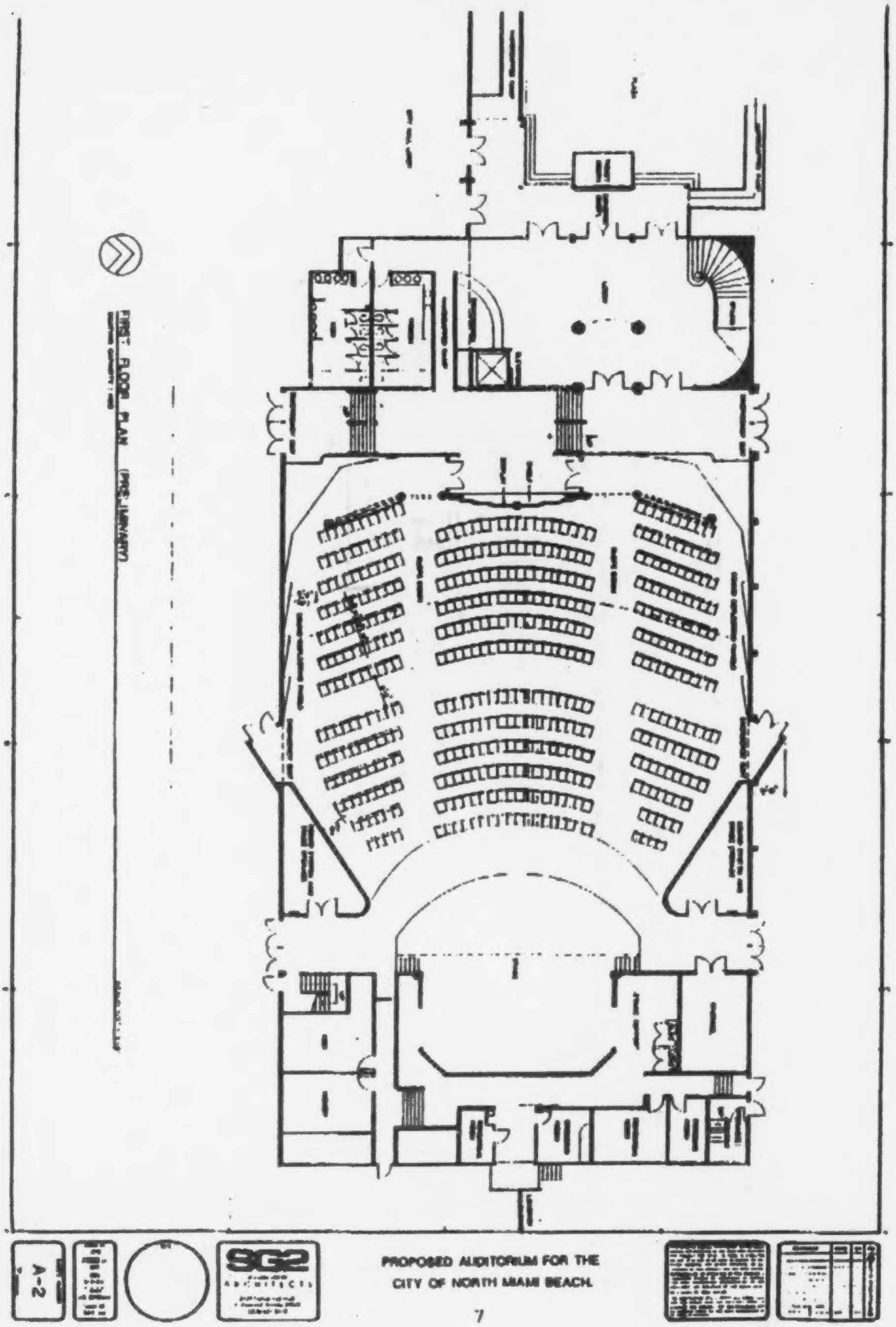
CULTURAL EVENTS AGENDA
1989 - 1990
(continued)

4/5/90	* Professional Entertainment Show
4/8/90	North Miami Beach Symphony
4/22/90	Parkway Middle School
5/3/90	* Professional Entertainment Show
5/20/90	South Florida Youth Symphony
5/27/90	Concert In The Park
6/7/90	* Professional Entertainment Show
6/17/90	Father's Day Jazz Concert
7/5/90	* Professional Entertainment Show
8/2/90	* Professional Entertainment Show
9/6/90	* Professional Entertainment Show

* Professional Entertainment Shows are a series of 3 Acts by professional entertainers produced by local promoters.

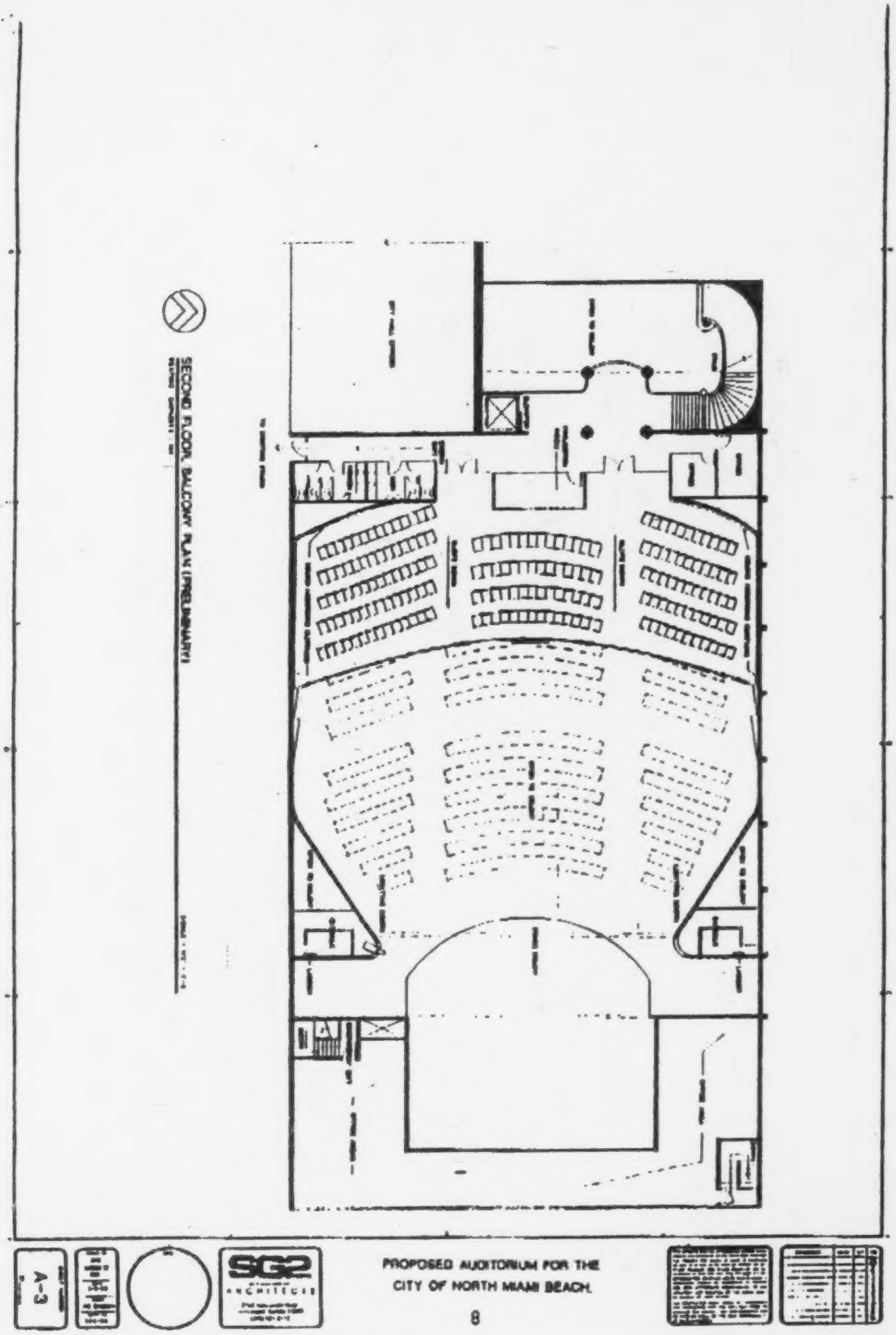

FIRST FLOOR PLAN (EXISTING)
A-1
SG2
ARCHITECTS

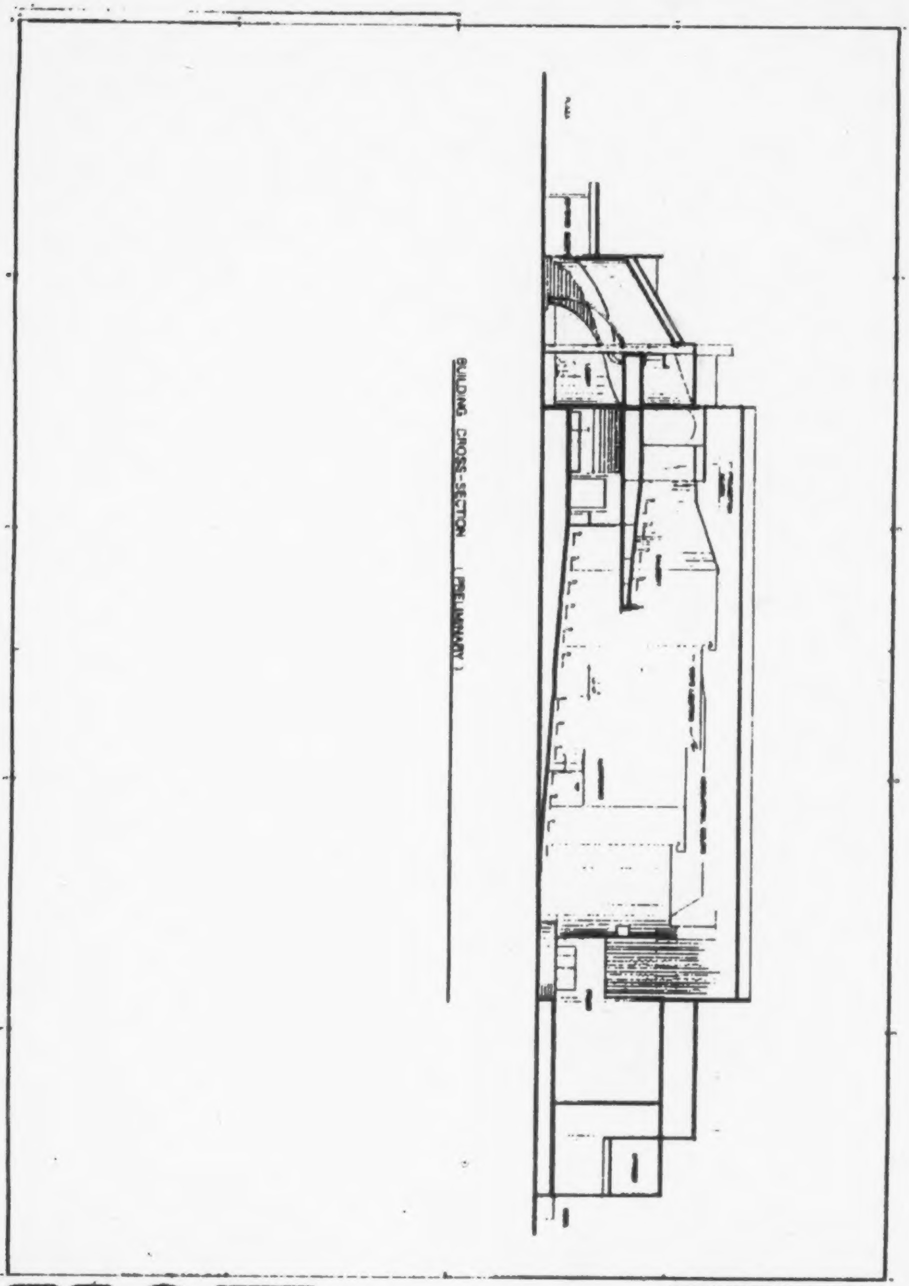
PROPOSED AUDITORIUM FOR THE CITY OF NORTH MIAMI BEACH


FIRST FLOOR PLAN (PRELIMINARY)
A-2
SG2
ARCHITECTS

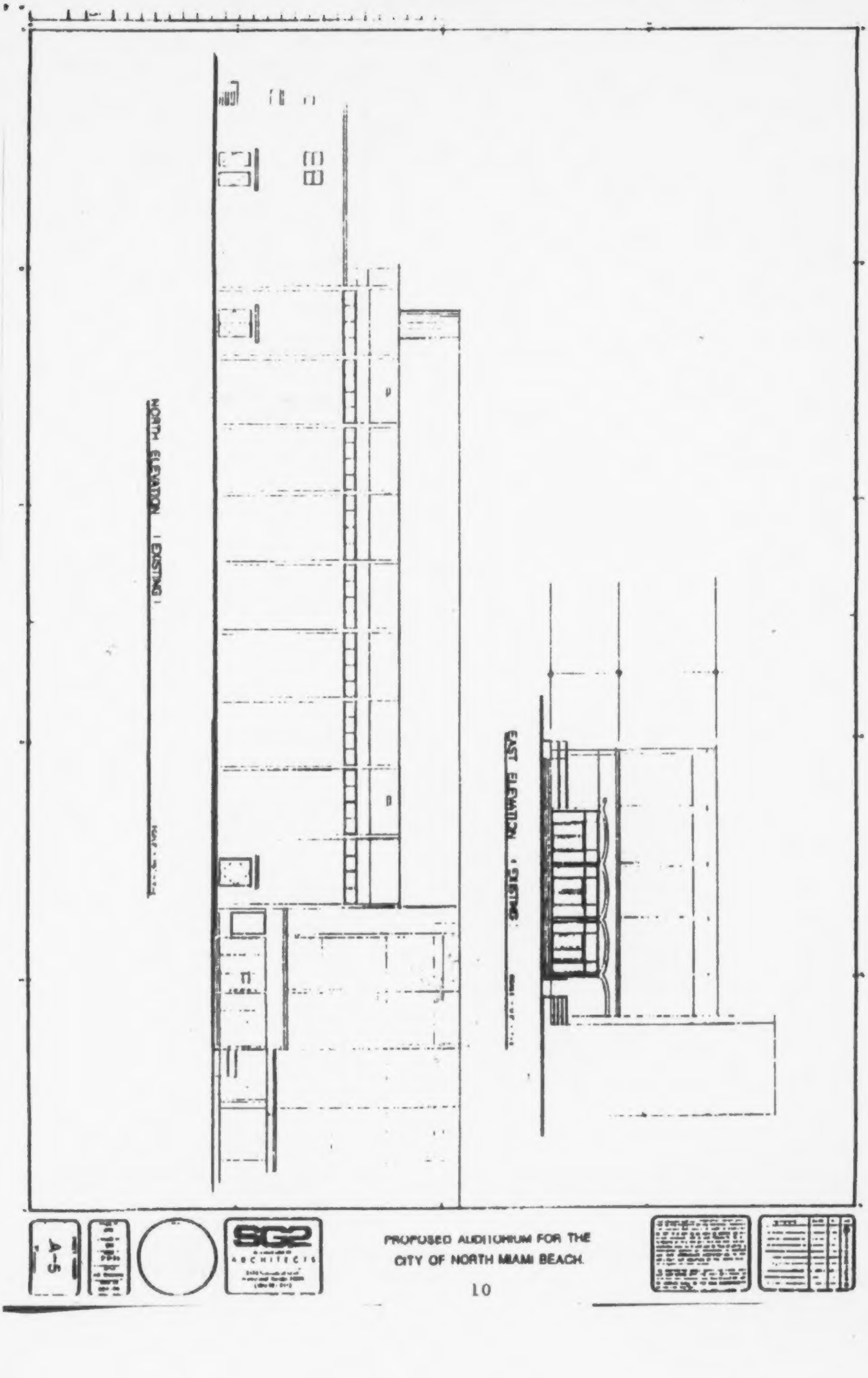
PROPOSED AUDITORIUM FOR THE CITY OF NORTH MIAMI BEACH.

7


SECOND FLOOR, BALCONY PLAN (PRELIMINARY)
A-3
SG2
ARCHITECTS
PROPOSED AUDITORIUM FOR THE
CITY OF NORTH MIAMI BEACH
8


BUILDING CROSS-SECTION (PRELIMINARY)
A-4
SG2 ARCHITECTS

PROPOSED AUDITORIUM FOR THE CITY OF NORTH MIAMI BEACH


NORTH ELEVATION / EXISTING
EAST ELEVATION / EXISTING
A-5
SG2
ARCHITECTS
PROPOSED AUDITORIUM FOR THE
CITY OF NORTH MIAMI BEACH.

PROPOSED PERFORMING ART & CULTURAL CENTER

(CONVERSION OF EXISTING AUDITORIUM/GYMNASIUM)

FOR THE
CITY OF NORTH MIAMI BEACH

MAYOR

JEFFREY A. MISHCON

CITY COUNCIL

JAY R. CHERNOFF
SALLY HEYMAN
JOHN KURZMAN
JULE LITTMAN
RAYMOND F. MARIN
JOE MOFFAT

CITY MANAGER

MICHAEL J. ROBERTO

CITY ATTORNEY

HOWARD B. LENARD

ARCHITECTS

SG2 ARCHITECTS

MARCH 23, 1990

THE CITY OF NORTH MIAMI BEACH

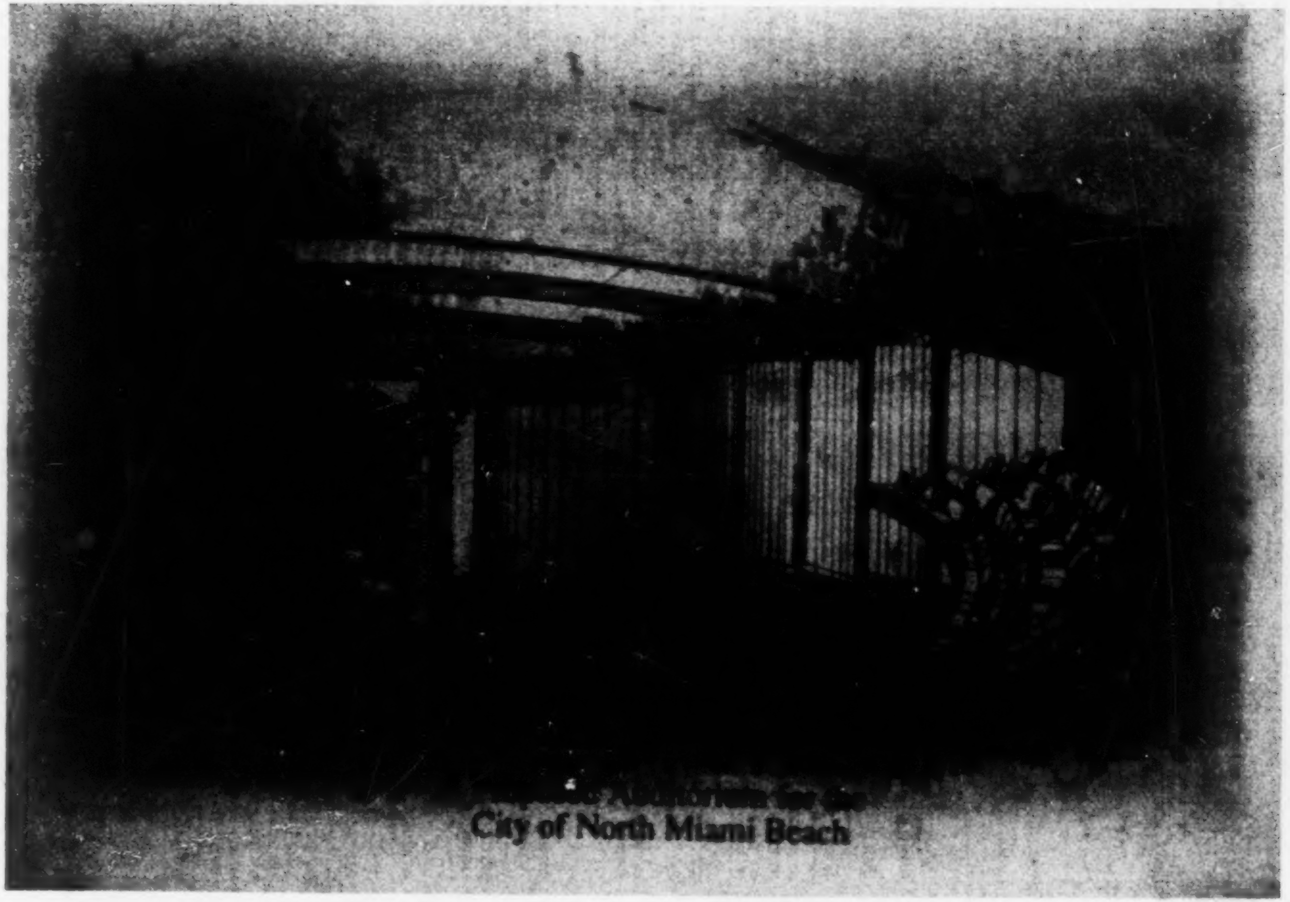
PROPOSED AUDITORIUM/GYMNASIUM CONVERSION INTO A 1200 SEAT PERFORMING ARTS AND CULTURAL CENTER

March 28, 1990

Mayor Jeffrey A. Mishcon

Councilman Jay R. Chernoff
Councilwoman Sally Heyman
Councilman John Kurzman
Councilman Jule Littman
Councilman Raymond F. Marin
Councilman Joe Moffat

ARCHITECT: SG2 ARCHITECTS



[illegible] Auditorium for the
City of North Miami Beach

City of North Miami Beach, Florida

17011 N.E. 19th AVENUE
NORTH MIAMI BEACH, FLORIDA 33162

(305) 947-7581

March 28, 1990

The Honorable Neal Smith
U.S. House of Representatives
Rayburn House Building, Room #2373
Washington, DC 20515

Dear Congressman Smith:

The City of North Miami Beach is requesting federal assistance in the conversion of an existing 17,625 square foot Auditorium/Gymnasium into a 1200 seat Performing Arts and Cultural Center. The construction of such a facility not only has been a dream for many of the elected officials, but has become a necessity for the changing needs of the citizenry at large.

It is a fact that the residents of North Miami Beach and surrounding areas have no opportunity to attend cultural affairs and activities at a convenient and safe location. Because of the number of retired citizens as well as an ever increasing population of middle class families in this area, there is an enormous cultural void that the officials of North Miami Beach are requesting your assistance in filling.

When the existing facility was originally built, in 1962, the greatest need of the community was for a recreational facility. Almost thirty years later, with the City's changing demographics and major growth patterns, the primary use of the facility has changed. The community needs have shifted from basketball to the arts and culture. The proposed conversion of the Auditorium/Gymnasium into a Performing Arts and Culture Center will improve the lifestyle and promote educational and cultural programs for the citizens of North Miami Beach.

It is important to note that the land, on which the existing Auditorium/Gymnasium is located, is currently owned in total by the City of North Miami Beach. The City intends to utilize all funds appropriated for interior construction and related costs. This project, upon completion, will allow 1,200 residents to enjoy professional symphonies, Broadway shows, operas, ballets, etc...on a regular scheduled basis. Residents who now patronize the facility are subjected to inadequate lighting, air conditioning, seating and sound system, as well as electrical power outages. The Mayor and City Council Members are certain that citizen participation would be overwhelming if the upgrade of this existing facility is accomplished.

The following pages detail the proposed scope of work for the Performing Arts and Cultural Center, a time frame in which to complete said project, a preliminary construction budget and a Cultural Events Agenda for 1989 and 1990.

Sincerely,

Jeffrey A. Mishcon
Mayor
City of North Miami Beach

Sincerely,

Jule Littman
Councilman/Liaison
North Miami Beach
Cultural Committee

JAM:JL:slc
Attachments

SCOPE OF WORK:

The City of North Miami Beach is planning the conversion of an existing 17,625 square foot Auditorium/Gymnasium into a 1200 seat Performing Arts and Cultural Center. To achieve this goal, the existing structure will require the following:

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* New fire sprinkler system.

SQUARE FOOTAGE ANALYSIS:

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TIME BUDGET:

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Design and Construction Documents - 6 to 8 months
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CITY OF NORTH MIAMI BEACH
PROPOSED PERFORMING ARTS AND CULTURAL CENTER
PRELIMINARY CONSTRUCTION BUDGET

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CULTURAL EVENTS AGENDA
1989 - 1990

1989

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CULTURAL EVENTS AGENDA
1989 - 1990
(continued)

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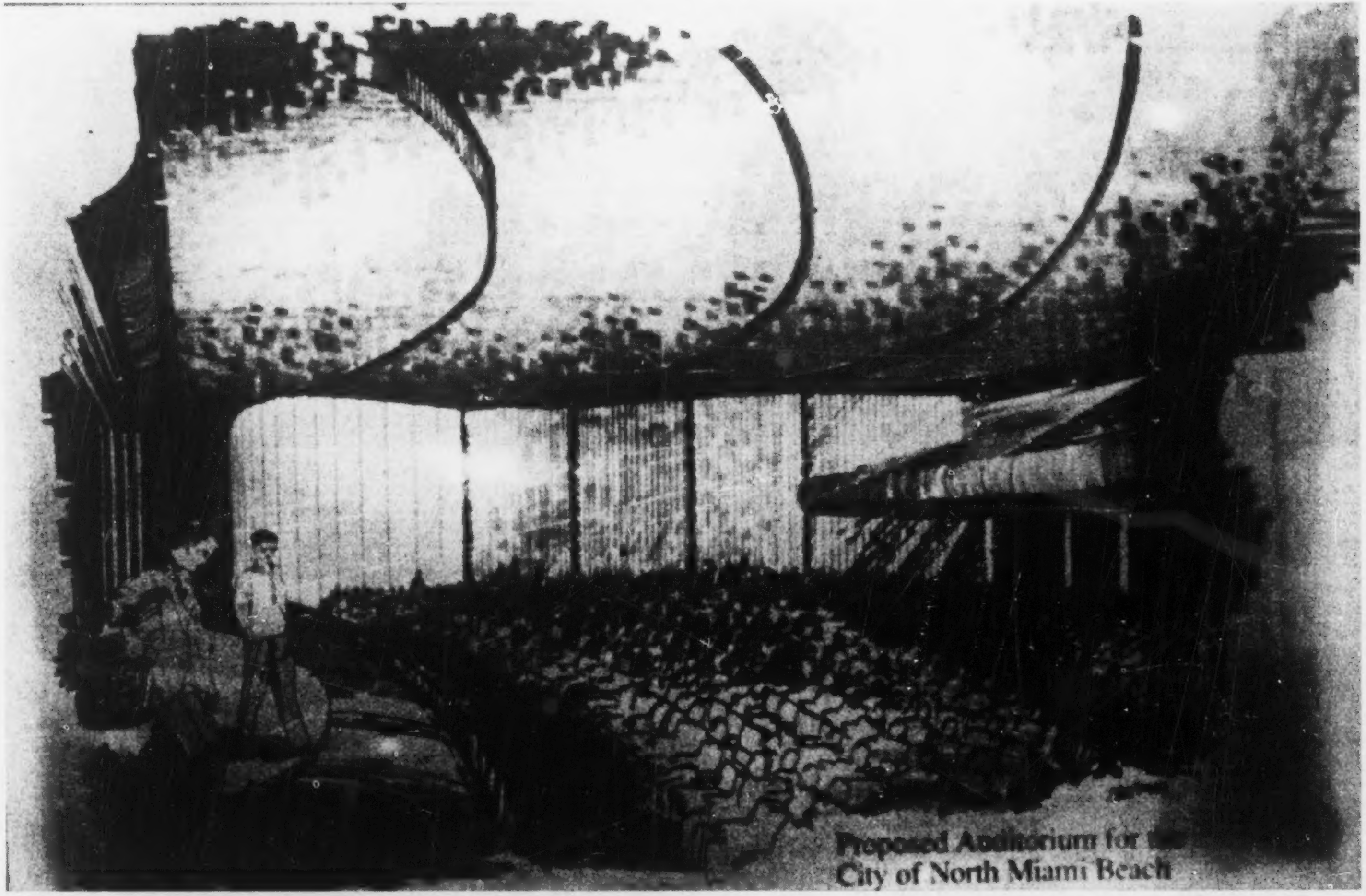
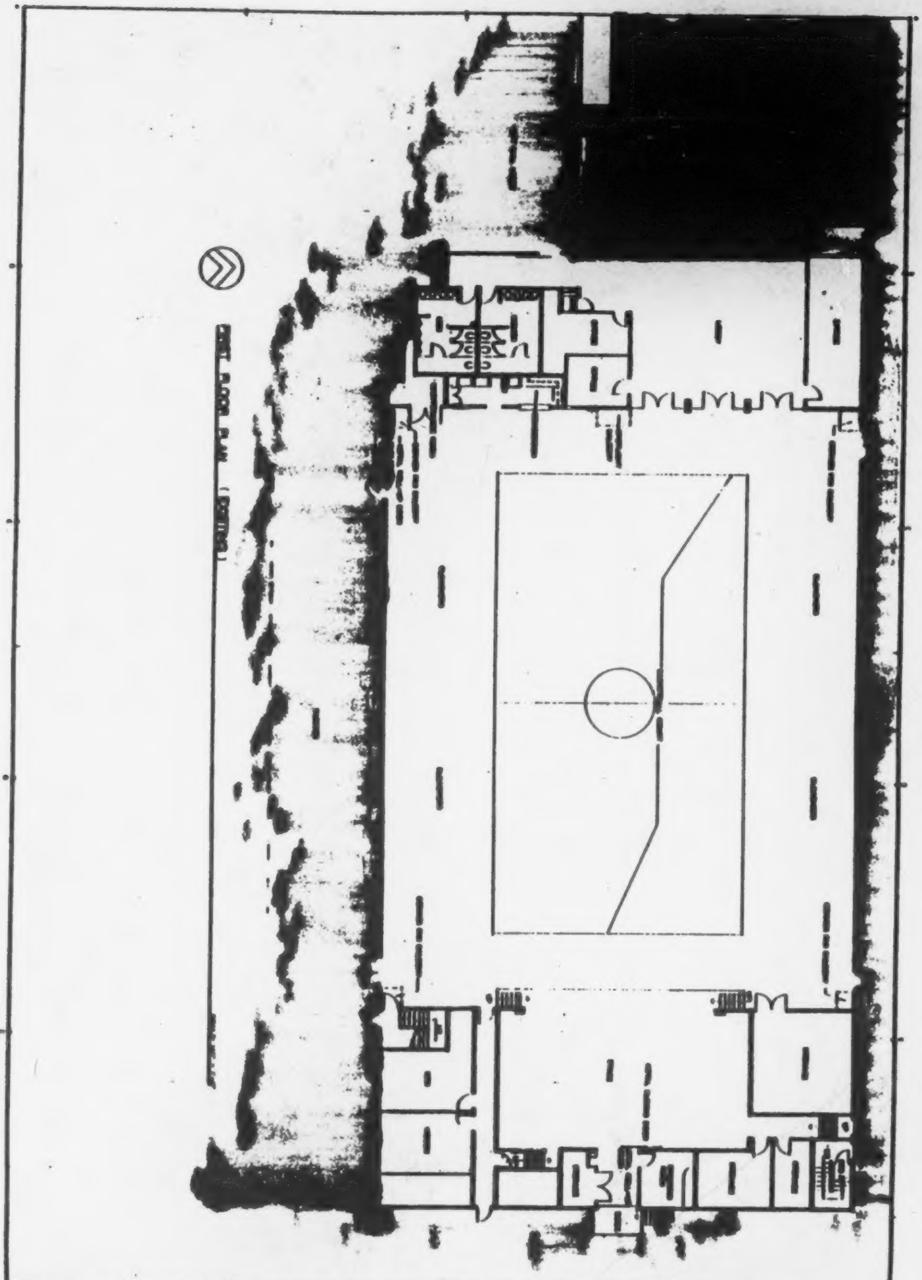
6/7/90	* Professional Entertainment Show
6/17/90	Father's Day Jazz Concert
7/5/90	* Professional Entertainment Show
8/2/90	* Professional Entertainment Show
9/6/90	* Professional Entertainment Show
9/9/90	Symphony Concert
9/16/90	Combined Hassidic Choir
10/4/90	* Professional Entertainment Show
10/7/90	Symphony Concert
10/17/90	North Miami Beach Pop's Classical Concert
10/21/90	South Florida Youth Symphony Children's Concert
11/1/90	* Professional Entertainment Show
11/11/90	Veteran's Day Memorial Concert
11/18/90	North Miami Beach Pop's Classical Concert
12/6/90	* Professional Entertainment Show
12/9/90	Symphony Concert
12/16/90	Snow Day Classical Pop's Concert
12/23/90	Holiday Concert

* Professional Entertainment Shows are a series of 3 Acts by professional entertainers produced by local promoters.



Proposed Auditorium for the
City of North Miami Beach


A-1
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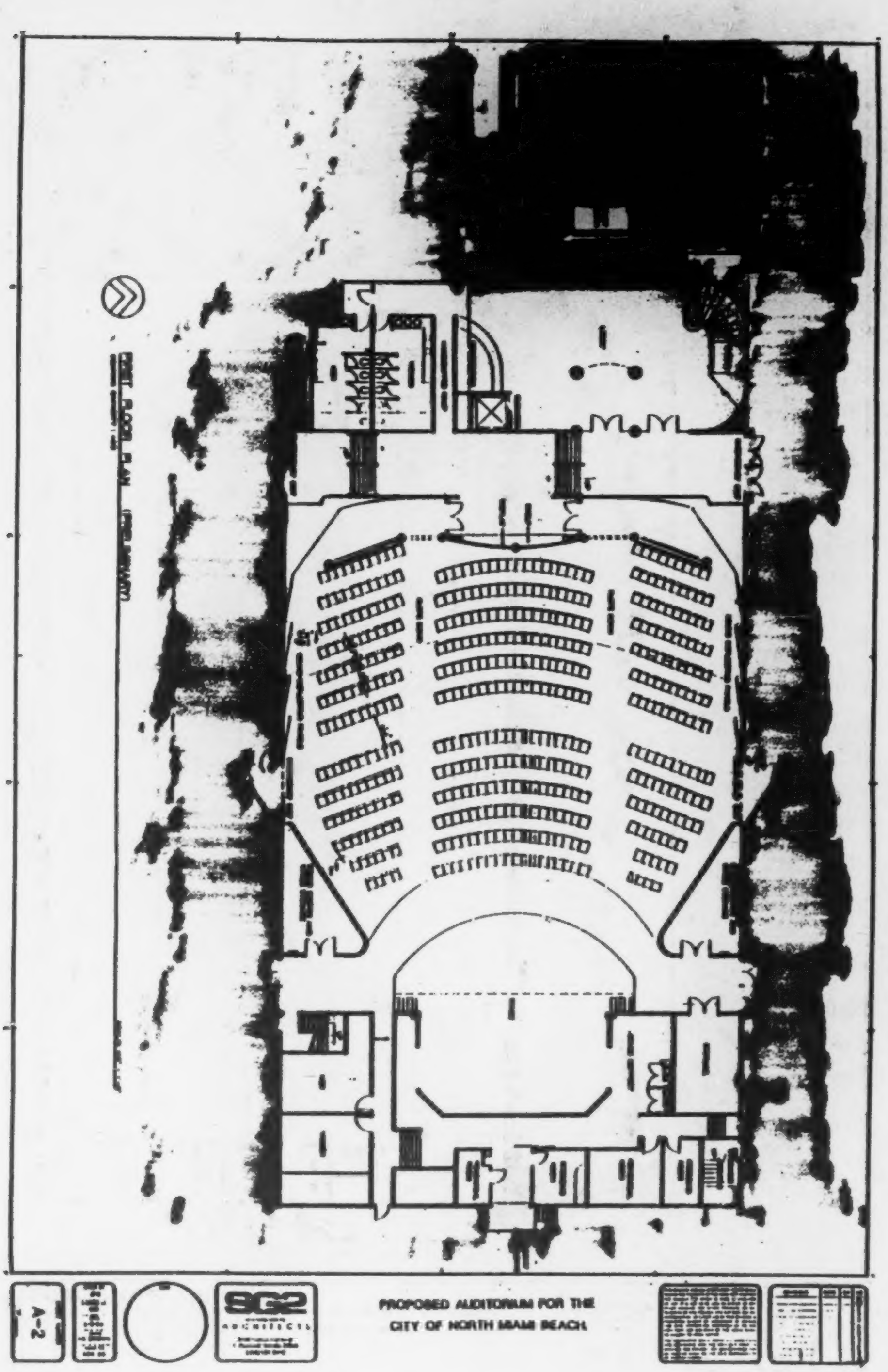
ARCHITECTS
PROPOSED AUDITORIUM FOR THE
CITY OF NORTH MIAMI BEACH.


FIRST FLOOR PLAN (PRELIMINARY)
A-2
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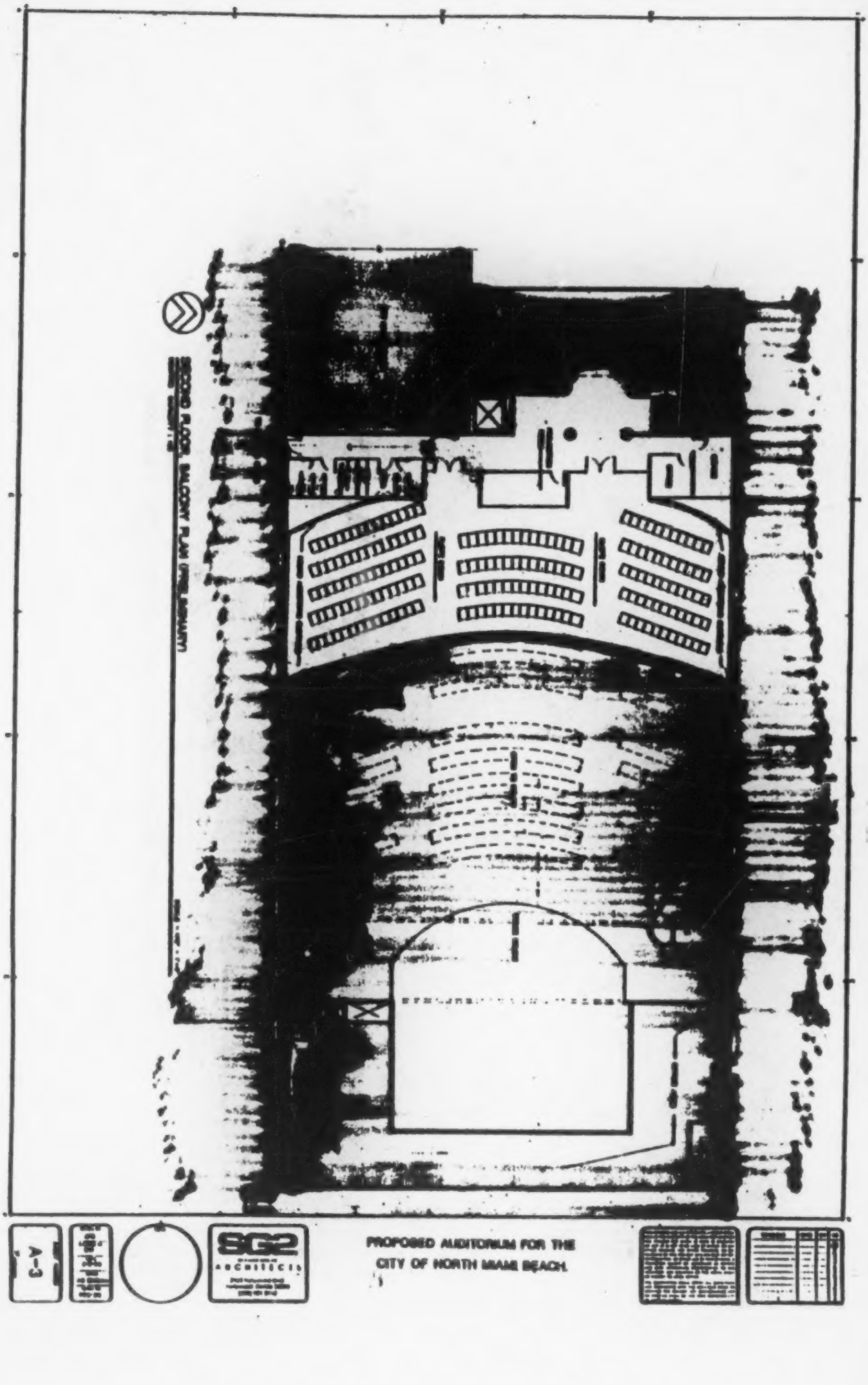
ARCHITECTS
PROPOSED AUDITORIUM FOR THE
CITY OF NORTH MIAMI BEACH


SECOND FLOOR BALCONY PLAN (PRELIMINARY)
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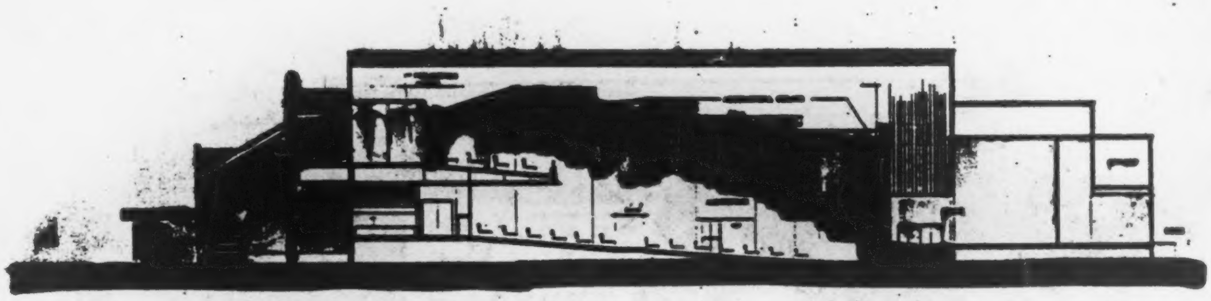
ARCHITECTS
PROPOSED AUDITORIUM FOR THE
CITY OF NORTH MIAMI BEACH.



BUILDING CROSS-SECTION (PRELIMINARY)

PROPOSED AUDITORIUM FOR THE
CITY OF NORTH MIAMI BEACH.

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architects

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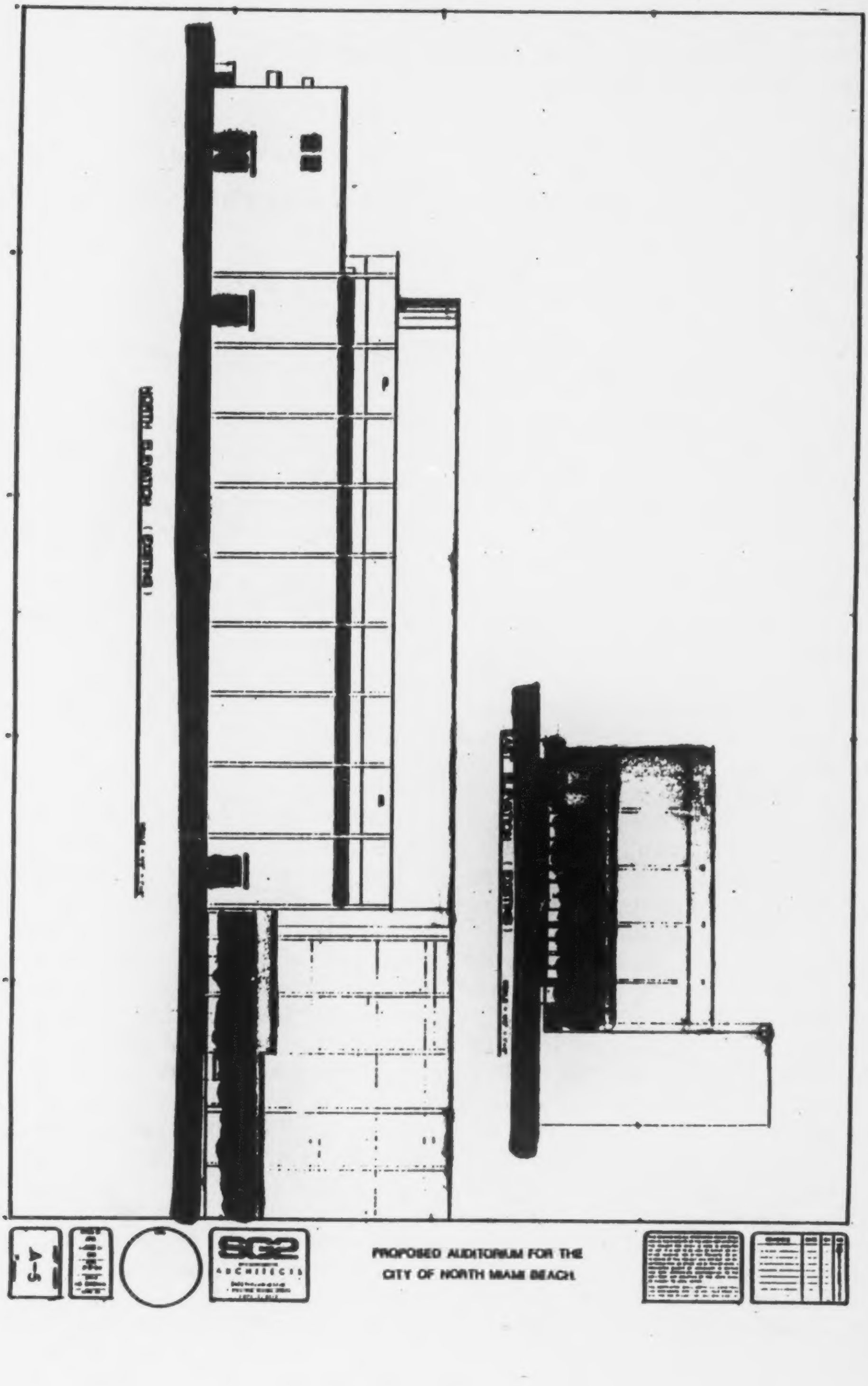
NORTH ELEVATION (EXISTING)
ELEVATION (EXISTING)
A-5
SG2
ARCHITECTS

PROPOSED AUDITORIUM FOR THE
CITY OF NORTH MIAMI BEACH.

Mr. **Dwyer**. I thank the gentlemen.

Mr. **Littman**. Thank you very much again.

Mr. **Roberto**. Thank you.

Thursday, March 29, 1990.

NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION

WITNESSES

HON. LINDY BOGGS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF LOUISIANA

HON. BOB LIVINGSTON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF LOUISIANA

Mr. **Dwyer**. Congresswoman Boggs and Congressman Livingston.

Mrs. **Boggs**. Thank you very much for allowing us to come before you today in support for continued funding for three programs under the jurisdiction of the National Oceanic and Atmospheric Administration that are of real importance to the State of Louisiana.

The first is a program for which this subcommittee has provided funding over the past several years for three projects in Orleans, Jefferson, and Calcasieu parishes in Louisiana—to translate that, "counties," Mr. Chairman—to demonstrate the feasibility of a computer data base mapping system. This effort to demonstrate the development of a multipurpose cadastre originally grew out of a recommendation of the National Academy of Sciences.

We have with us today some sample maps from these systems. These maps were not scribed by draftsmen, but printed from computers. These computer systems store millions of bits of information. This data can be retrieved on a computer screen to do studies or analysis, or paper maps can be printed as you see them here today.

These two maps, one from Jefferson and the other from the Calcasieu project, are parcel maps and planimetric maps. The parcel maps can be used for property tax collection, population density studies, emergency evacuation and a variety of other applications. The planimetric maps are already used for flood studies, infrastructure planning and subsidence analyses. As you can see, the parcel maps show individual lots and buildings. The planimetric maps show topography or contours, roads, vegetation, structures and utilities.

All this information is layered in the computer. Any combination of layers can be called up for different studies and analysis. Tied to the map, in the computer, are data files with information on ownership, land use, taxes paid or owed, title and other factors. This information can also be called up and merged with the mapping data.

This program is demonstrating systems by which Federal, State and local governments across the country and the private sector can learn to better manage land information. I would like to urge the subcommittee to provide $1,863,000 in fiscal year 1991 to support the continuation of this project.

The second program I would like to discuss is the National Shellfish Indicator Study. This study, which supports the shellfish water standards research, is extremely important to the economy and to the public health, not only of Louisiana but to all of our coastal States, as well as to the entire Nation.

Numerous inspection bills pending in the House and in the Senate are testimony to the fact that the Congress is anxious to answer the public demand for safe quality seafood products. This National Indicator Study is extremely important to develop new technology and microbiological methods that can be used to effectively evaluate the actual risk to public health from the pollution of shellfish-growing estuaries. A high technology method to accurately measure shellfish safety must be established before seafood safety inspection can be fully implemented. Broader efforts to eliminate pollution from our valuable estuaries also require a valid microbiological measure of health risk pollution.

Two years ago, this subcommittee provided initial funds to start this effort. The current year's appropriation will support efforts to develop methodology to determine and classify pathogens in the shellfish and growing waters. For fiscal year 1991, an appropriation of $5 million would fully launch this program to develop shellfish sanitation standards to replace existing standards that, Mr. Chairman, would you believe, are based on research done over 50 years ago. We haven't really updated that data for the national health standards in shellfish since that time.

Finally, I would like to support the administration's budget request of $28 million for NOAA's ongoing wetlands program which involves efforts under the Coastal Zone Management Act to protect, enhance, and conserve coastal wetland resources. This is a very important part of President Bush's wetlands protection program, and it is essential to the efforts in Louisiana to preserve our fragile coastal wetlands.

We really thank you so much for your consideration of these requests, and we look forward to working with you as we have in the past to craft a viable appropriations bill that will be approved by the Congress and signed into law.

Thank you, Mr. Chairman.

[The prepared statement of Mrs. Boggs follows:]

TESTIMONY OF
REPRESENTATIVE LINDY BOGGS
SUBCOMMITTEE ON COMMERCE, JUSTICE, STATE AND THE JUDICIARY
COMMITTEE ON APPROPRIATIONS
THURSDAY, MARCH 29, 1990

Mr. Chairman:

Thank you for this opportunity to appear before the Subcommittee in support for continued funding for three programs under the jurisdiction of the National Oceanic and Atmospheric Administration that are of importance to the State of Louisiana.

The Subcommittee has provided funding over the past several years for three projects in Orleans, Jefferson and Calcasieu Parishes in Louisiana, to demonstrate the feasibility of a computer data base mapping system. This effort to demonstrate the development of a multipurpose cadastre originally grew out of a recommendation of the National Academy of Sciences.

We have with us today some sample maps from these systems. These maps were not scribed by draftsmen, but printed from the computers. These computer systems store millions of bits of information. This data can be retrieved on a computer screen to do studies or analysis, or paper maps can be printed as you can see today.

These are two types of maps, from the Jefferson and Calcasieu projects. They are parcel maps and planimetric maps. The parcel maps can be used for property tax collection, population density studies, emergency evacuation and a variety of other applications. The planimetric maps are already used for flood studies, infrastructure planning and subsidence analysis.

As you can see, the parcel maps show individual lots and buildings. The planimetric maps show topography or contours, roads, vegetation, structures and utilities.

All this information is layered in the computer. Any combination of layers can be called up for different studies and analysis. Tied to the maps, in the computer, are data files with information on ownership, land use, taxes paid or owed, title and other factors. This information can also be called up and merged with the mapping data.

This program is demonstrating systems by which Federal, State and local government across the country and the private sector can learn to better manage land information. I would like to urge the Subcommittee to provide $1,863,000 in FY 1991 to support continuation of this project.

The second program I would like to discuss is the National Shellfish Indicator Study. This study which supports shellfish water standards research, is extremely important to the economy and public health of our coastal states as well as the entire Nation.

Numerous inspection bills pending in the House and in the Senate are testimony to the fact that the Congress is anxious to answer the public demand for safe quality seafood products. This National Indicator Study is extremely important to develop new technology and microbiological methods that can be used to effectively evaluate the actual risk to public health from the pollution of shellfish growing estuaries. A high technology method to accurately measure shellfish safety must be established before seafood safety inspection can be fully implemented. Broader efforts to eliminate pollution from our valuable estuaries also require a valid microbiological measure of health risk pollution.

Two years ago the Subcommittee provided initial funds to start this effort. The current year's appropriation will support efforts to develop methodology to determine and classify pathogens in shellfish and growing waters. For FY 1991, an appropriation of $5 million would fully launch this program to develop shellfish sanitation standards to replace the existing standards that are based on research done over fifty years ago.

Finally, I would like to support the Administration's budget request of $28 million for NOAA's ongoing wetlands program which involves efforts under the Coastal Zone Management Act to protect, enhance and conserve coastal wetland resources. This is a very important part of President Bush's wetlands protection program and it is essential to efforts in Louisisana to preserve our fragile coastal wetlands.

Thank you for your consideration of these requests. I look forward to working with you to craft a viable appropriations bill that will be approved by Congress and signed into law.

Mr. DWYER. Amen. Thank you very much, Mrs. Boggs.

Mr. Livingston.

Mr. LIVINGSTON. Thank you very much, Mr. Chairman, and thank you for giving us the opportunity once again to appear before the committee.

I join with my colleague, Lindy Boggs, in making the appeal for these projects. I want to echo her thanks to the Committee for its support of both of them in the past. We are asking for continued funding for the cadastre demonstration projects. I might add, last year we asked for $1.95 million. It was cut to about $1.8 million because of Gramm-Rudman and sequestration. But, of course, we are asking for the full amount if conditions permit.

We are asking also for a continuation of some funding for the National Shellfish Pollution Indicator Study referred to by Mrs. Boggs, and also appropriations for wetlands programs currently funded by this subcommittee.

I would like to submit a statement for the record with details about these programs, but I would like to add that we look at national environment problems, such as global climate change, or regional problems, such as wetlands erosion in Louisiana, or New Jersey, Mr. Chairman, or topsoil erosion in Iowa. Sometimes we throw up our hands in despair and say we really can't get a handle on it. But, in fact, with programs and projects such as this, we can. We have the technology to monitor this phenomena, and hopefully one day to combat it.

By accurately mapping lands and building data over time, we can understand the cause and impact of problems like wetlands and topsoil erosion and begin to develop even better solutions to address them.

Insofar as the Shellfish Pollution Indicator Study is concerned, the funding this subcommittee has provided over the last couple of years at the rate of $500,000 a year is a critical beginning, and I stress "beginning." I think the total amount of funding ranges in the range of about $7.5 million as the projected amount. We would like to move up towards that amount as quickly as possible because with this project we will, in fact, be able to develop new pollution standards for our oyster, clam, and other shellfish which are growing in our waters around the country.

I might add that we are currently relying on standards that have not changed since the 1920's, and the health of our population as they consume these great resources, frankly, might be in jeopardy without this significant study.

So I would urge you to not only consider the amounts that we funded in the last couple of years for these projects, but actually upping the amounts. I know there was some question that the cadastre was not moving as fast as originally anticipated. And I would only say that Gramm-Rudman-Hollings cuts were responsible for slowing it down. We also added Orleans Parish to the original plan of funding projects for Jefferson Parish and Calcasieu Parish. And on top of that, NOAA, National Oceanic and Atmospheric Administration, has unilaterally withheld funds in their administration of the project for other purposes. That has been hashed out, and I understand that we are back on track with respect to the full utilization of funds. But the three items led to the slowing down of the project more than we might have originally anticipated.

So we thank you for your support. We urge you to look at these maps at your leisure. And we want to tell you that it is our experience that all of the officials, elected and administrative officials who have had contact with these maps have been extremely pleased. We still don't even know all of the great benefits that can flow from these projects. We are just discovering those as the projects get on line. Ultimately, it is the wave of the future. We are just feeling our way right now, but they are making remarkable progress, and they could answer a great many problems that plague our urban and rural areas in the next century.

[The statement of Mr. Livingston follows:]

Statement of Rep. Bob Livingston
March 29, 1990
House Appropriations Subcommittee on Commerce, Justice, State and Judiciary

Mr. Chairman, members of the Subcommittee, thank you for allowing us to appear before you once again in support of funding for important programs impacting Louisiana. More importantly, thank you for your continued support for our requests every year.

As always, I agree with the comments of my colleague, Lindy Boggs. Our priorities are continued funding for the cadastre demonstration projects at the current level of $1.95 million, the continuation of some funding for the National Shellfish Pollution Indicator Study and appropriations for wetlands programs currently funded by this Subcommittee.

I will submit more detailed comments for the record, but I would just like to say that when we look at national environmental problems such as global climate change, or regional problems such as wetlands erosion in Louisiana or topsoil erosion in Iowa, we now have a technology (because of this cadastre demonstration program) to monitor these phenomena.

By accurately mapping lands and building data over time we can understand the cause and impact of problems like wetlands and topsoil erosion and begin to develop even better solutions to address them.

As for the Shellfish Pollution Indicator Study, the funding this Subcommittee has provided over the last two years ($500,000 each year) is a critical beginning to a program that will eventually develop new pollution standards for our oyster, clam and other shellfish growing waters-----standards that have not been changed since the 1920s.

Additional Comments, Bob Livingston:

Mr. Chairman, last year, in response to your question about the original length of these cadastre demonstration projects, we told you that the original three year estimate for these demonstrations had to be extended for a number of reasons which are still valid today.

Gramm-Rudman-Hollings cuts and the addition of Orleans Parish to the entire program are two main reasons that additional years of Federal support are necessary. In addition, as we told you last year, NOAA has retained for its own administrative and national efforts more of the funding earmarked for Louisiana than had been anticipated. In one year (1986), NOAA retained approximately 37 percent of the funds originally earmarked for Jefferson Parish. Since that time, NOAA has retained approximately 20 percent of the funds appropriated by this Subcommittee, most of which we understand has been used for administrative expenses. However, I am told that improvements have been made between NOAA and the Parishes on funding allocations and cost sharing.

It is important to note that the local cost share on these demonstrations is approximately 40%. More importantly, if adequate funding continues it is estimated that Jefferson Parish may not need Federal funds after Fiscal Year 1992. The Parish has reached the stage that it is able to market a product that may enable it to collect fees from potential users so that the entire project may eventually pay for itself.

The Multipurpose Cadastre is a computerized data base on which a variety of different layers of information are combined. This includes not only maps, survey points and other graphic data, but Census, property and demographic information.

The Louisiana projects are pilot projects to demonstrate the feasibility of a plan originally outlined by the National Academy of Sciences. The projects are actually being implemented in accordance with the Academy studies.

In Jefferson Parish, considerable progress has been made. The Parish is acquiring its own computer hardware and software. A contract is awaiting signature for installation of a Digital Equipment Corporation computer and McDonnell Douglas software. A new division is being created in the Parish government to operate and maintain the system and to provide products and services to a variety of governmental and private sector user groups.

The Parish is working with several potential local participants to determine their needs and encourage their participation. Working with the University of New Orleans and Louisiana State University, the Parish is conducting a market study to determine additional, potential private sector purchasers of the data provided by the system.

As I mentioned earlier, these efforts are designed to increase the contribution of all local users and to eventually generate income for the project and reduce the need for Federal funding in the outyears.

The Parish submits regular reports to NOAA, and NOAA personnel visit the project site in order to keep abreast of developments. The results and experience gained from the Louisiana projects are shared with other Federal agencies, States, and local governments.

The project has generated drainage maps with contours, an archive of aerial photographs for municipal projects, and information to build computer models to predict flood patterns and design control projects.

In Calcasieu Parish, a similar approach is being followed. The City of Sulphur is near completion, and the City and Parish have acquired their own computer hardware and software.

I sincerely believe these demonstration projects are a wise investment of Federal resources. The experienced gained on these projects is being shared across the country. We are helping to build an exciting technology and a market for the private sector, now estimated to be $90 billion by the end of the decade. To put that in perspective, the investment on these geographic information systems could be larger than our original investment in the Interstate Highway System.

We are also building U.S. leadership in this technology. As we become more and more an information society, the competitiveness of U.S. firms and our ability to reduce our trade deficit could be enhanced as we develop an information industry that is the wave of the future. I am told that scientists and engineers from foreign countries are frequent visitors to trade and professional conferences here in the U.S. to learn more about what we are doing to develop and possibly export this technology. So the investment we are making in these projects will pay future dividends.

National Shellfish Pollution Indicator Study:

The funding this Subcommittee has so graciously provided to begin this important program ($500,000 in each of the last 2 fiscal years) will bring the study through Phase I and II of the entire study.

Phase III of the study (scheduled to start in FY1991, if funding is provided) would involve extensive collaborative microbiological field studies to evaluate levels of standard and new indicators and human pathogens at approximately 16 estuarine sites selected on the East, Gulf and West coasts.

The costs to start this most important phase of the entire study is $5 million. This phase of the study will utilize the background information and methodologies developed in Phases I & II.

The entire cost of Phase III is $7,250,000. The Federal share required to be appropriated in Fiscal Year 1991 is $5,000,000 with the remaining $2,250,000 being provided by local and state interests.

Mr. Chairman, I realize the difficult budget problems you face, but I hope you can provide some additional funding to begin these critical field studies which are the only way to gather the data necessary to complete the entire study.

Mr. **Dwyer**. Thank you. We will do as much as we can.

Mrs. **Boggs**. Thank you, Mr. Chairman.

Mr. **Livingston**. Thank you, Mr. Chairman.

Thursday, March 29, 1990.

IMMIGRATION AND NATURALIZATION SERVICE

WITNESS

HON. DUNCAN HUNTER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Mr. **Dwyer**. Congressman Hunter of California.

Mr. **Hunter**. Thank you, Mr. Chairman, for letting me be with you today. I appreciate it.

Mr. **Dwyer**. Proceed at your own pace.

Mr. **Hunter**. I want to do something a little bit different. I have got a statement, and I also have a report for you on the status of the drug war along the international border on air, land, sea, and the ports of entry, and how much cocaine we are catching and what is getting by and what is happening. And I put it together over the last couple of weeks over the last recess. I would like you to look at it when you get a chance, and maybe put it in the record if you want to. But I would like you to have it because I think it goes to what I want to talk about.

Mr. **Dwyer**. We will make it a part of the record.

[The statement of Mr. Hunter and additional materials follow:]

DUNCAN HUNTER
45TH DISTRICT, CALIFORNIA

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FOUR ACHIEVABLE VICTORIES IN THE DRUG WAR

Rep. Duncan Hunter

We are losing the Drug War. Every statistical trend available relative to economic and social damage done by narcotics to the U.S. is negative.

The supply side of the Drug War can be easily described: There is no significant interdiction of cocaine smuggled by the following means:

Interdiction Rate:	
SMALL AIRCRAFT	less than 10%
SMUGGLED ACROSS LAND BORDERS	less than 10%
SEA-BASED CARGO	less than 10%
PRIVATE BOATS	less than 10%

Note: These estimates are extremely generous to U.S. Government agencies. Currently, less than 4% of the cargo entering the U.S. is searched for drugs and in the past 2 years less than five drug planes entering California have been cold-detected and interdicted.

This continuing defeat in air, land, sea, and ports-of-entry can be reversed with a series of simple actions. With the actions we win interdiction. Without them we continue losing. Recommendations follow:

LAND BORDERS

How many U.S. personnel are physically based along the 2,000 mile border between the U.S. and Mexico (aside from the ports-of-entry) at any given time? Answer: 250 agents, on a good day.

In California alone 50 members of the Border Patrol spread out over 150 miles are the only obstacles between the cocaine smugglers and the children of California. The Border Patrol in California numbers about 650 officers, of whom 400 report to work on any given day. After assignment to interior checkpoints throughout Southern California, only about 150 per 24 hours or 50 per 8 hour shift are available for placement on the border.

The porous quality of the California-Mexico border is best illustrated by two numbers, 366,757 illegal aliens and $121,000,000 worth of narcotics were apprehended in the 14 mile-long "San Diego" sector by the Border Patrol in fiscal year 1989. For each alien/smuggler apprehended, the Border Patrol estimates that 3 alien/smugglers successfully enter the U.S. For this reason the Border Patrol has abandoned any effort to establish a perimeter along the border. The border has become a "no-man's land," rife with murder, assault, alien smuggling, and cocaine smuggling opportunities so rich that the cartels are now focusing on California's "smugglers' ally." (45% of all border smuggling takes place in the 14 mile San Diego sector).

The vast majority of alien/narcotics smuggling takes place in the 12 "smugglers' alleys," or corridors. These corridors are:

1) The San Diego-Tijuana corridor (45% of the nationwide smuggling)
2) the Calexico-Mexicali corridor (approx. 15 miles)
3) the Yuma-San Luis corridor (approx. 10 miles)
4) the Douglas-Nogales corridor (approx 15 miles)
5) the El Paso-Juarez corridor (approx. 30 miles)
6) the Presidio-Ojinaga corridor (approx. 5 miles)
7) the Del Rio-Acuna corridor (approx. 15 miles)
8) the Eagle Pass-Piedras Negras corridor (approx. 10 miles)
9) the Laredo-Nueva Laredo corridor (approx. 15 miles)
10) the Rio Grand City-Roma corridor (approx. 10 miles)
11) the McAllen corridor (approx. 10 miles)
12) the Brownsville-Matamoras corridor (approx 15 miles).

The relatively barren desert and plains areas separating these corridors are little used by land smugglers. The smuggling corridors represent high-density population centers. These population centers provide smugglers with logistical bases and the large population and dense vehicle traffic that swallows up the smugglers quickly once they have crossed the border. Also, the remote desert stretches of the border present harsh physical conditions and maximize the sensor capability of the Border Patrol. A foot smuggler who has been detected in the desert is highly vulnerable to apprehension.

As a result of this "desert-then cities-then desert" nature of the Southwest Border, a major blow could be dealt to the drug cartels by forming an agent perimeter across the 12 smuggler alleys that exist on the U.S.-Mexico land border. These alleys total around 150 miles of the border.

SUMMARY: Land Border Action Recommendation.
PROBLEM: Cocaine smugglers carrying packs and driving vehicles through border.
PRESENT U.S. DEFENSE: 250 agents guarding 2,000 mile border (constant number).

RECOMMENDED ACTION: more guards, illumination, fences, (focus on corridors).
CHIEF OBSTACLE: U.S. Bureaucracy.

ANSWER: Secretary of Defense tasks enough National Guardsmen (of the 500,000 currently on the payroll) to supplement Border Patrol so that the following can be done:

National Guard Engineers Construct Road along Border: A road should be constructed along the border at the 12 major smuggling corridors. This road will allow the border agents to move laterally with ease, thereby enhancing their capabilities. The border road can be a simple dirt road with a granite base that will allow a Border Patrol 4x4 to traverse the border at 30 mph.

National Guard Engineers Repair Existing Fence and Construct New Fence to cover 12 Major Smuggling Corridors: Presently, the fence along the border is in rags. Major breaches have been torn in the fence to accommodate smugglers with large tonnages. It is not necessary to fence the entire border, but simply that portion which lies in the 12 major smuggling corridors.

National Guard Personnel are Given Inter-Service Transfers to Increase Border Patrol Positions, and Border Perimeter along 12 Major Smuggling Corridors is Manned on Constant Basis: A manned perimeter along the border road should be established across the 12 smuggling corridors. The perimeter could consist of two agents in a mobile command post (4x4 vehicle) every 200 yards. This amounts to a requirement of 18 agents per mile per 8 hours for a total force requirement of 54 agents per mile for 24 hour coverage or approximately 8,000 personnel to close down the 12 smuggler's corridors across the U.S. land border.

National Guard provides Illumination on Border along Smuggler's Corridors by Providing Mobile Lights or Flares: This illumination of the border will allow the U.S. agents on the border perimeter to truly secure the border against drug smugglers.

BEATING THE BUREAUCRACY

The bureaucracy will resist the simple solution of manning the border with drug agents. In this case, President Bush, Dick Cheney and Bill Bennett must simply refuse to accept "it can't be done" for an answer. The 4 simple elements of a road, a repaired fence, border lights, and enough personnel to form a perimeter along the border has not been achieved in the past because there has not been a constituency for a secure border. With the nation drowning in drugs there is now a compelling national interest.

CAN THE NATIONAL GUARD WORK ON THE BORDER ?

Taxpayers already pay 500,000-plus national guardsmen for two weeks training time each year. If we could transfer just a few thousand of these positions to the green uniforms of the Border Patrol (or DEA or Customs) on a rotating basis, we could close all 12 of the drug smuggling corridors on the U.S. land border.

SUGGESTIONS:

The buddy system...Guard units with military police MOS are ordered to take their training period on the border where individuals are assigned to ride with Border Patrol agents as helpers, assisting with driving, communications, and observation of the border. This force multiplier could be implemented quickly.

Logistics support...Guard units are assigned to take over logistics duties involving transportation, incarceration and clerical work that will free up Border Patrol agents for assignment at the border.

Inter-service transfer...National Guardsmen with exemplary records and geographical proximity to the border are allowed to make an inter-service transfer to the Border Patrol, which will be credited to their service record. In this scenario, former guardsmen don the green uniform of the Border Patrol and undertake BP schooling.

ALTERNATIVES TO THE GUARD

The use of the National Guard is suggested because guardsmen are 1) paid for, 2) plentiful, 3) disciplined and 4) subject to the direct orders of the Commander-in-Chief, George Bush. If the Guard bureaucracy and the turf-conscious domestic agencies continue to convince the administration that the guard can't "do windows", other alternatives do exist. The Immigration Service could conceivably adjust "tooth-to-tail" ratios to cut back on paper shufflers in order to enlarge the 250 man force on the 2,000 mile border.

CARGO SMUGGLING

It is estimated that about 30% of the 800,000 lbs. of cocaine smuggled into the U.S. last year was moved in cargo. The U.S. Customs Service only has enough personnel to search about 4% of the incoming cargo for drugs. All other factors being equal a shipment of cocaine, hidden in cargo, has a 96% chance of successful entry into the U. S. Here, the U.S. could deal a major blow to the drug trade with relatively simple actions. All the cargo coming into U.S. ports passes under the inspection of U.S. officials. With enough people and technology, every single cargo container could be scrutinized. We could close this drug door quickly. Recommendation follows.

SUMMARY: Cargo Smuggling Action Recommendation
PROBLEM: Cocaine smuggled in trucks, cargo-containers through Ports of Entry (less than 10% interdiction)
PRESENT U.S. DEFENSE: Less than 4% of cargo searched for drugs
RECOMMENDED ACTION: Employ cocaine detecting technology and sufficient personnel to increase rate of cargo searched to at least 75%
CHIEF OBSTACLE: U.S. Bureaucracy

ANSWER:

Presently, machines exist which have the capability to extract samples of air from cargo containers and, within seconds, analyze the sample for minute traces of cocaine. Thermionics Corporation of Massachusetts manufactures such a machine, already utilized to detect explosives and tested successfully on cocaine. By deploying these machines at ports of entry, not only can every cargo container be "searched" in minutes with a minimum of personnel, but so can every car and truck entering the United States. Thermionic's machine, called Sentor, is not 100% conclusive regarding the presence of cocaine, but it does have the capability of increasing the "search" percentage from under 4% to upwards of 75%.

Assuming that the U.S. procurement bureaucracy will take some major bludgeoning to actually get cocaine detectors on line (neutron bombardment is also a promising technology) the National Guard should be deployed at once to U.S. Ports of Entry to work under the supervision of Customs agents in searching trucks, vehicles, cargo containers, and air shipments for narcotics. Operation Border Ranger II proved that the Customs-Guard match-up was an agreeable one.

The problem which prevents usage of the Guard on a massive scale is the traditional one: the Guard does not want to do "windows" (searching cargo was characterized by one high ranking guard commander as "grunt work") and if they have to do windows they want to get paid for it. "Getting paid" means not being required to search for drugs during the two weeks of active annual training time for which the taxpayers are already paying each member of the Guard. Nonetheless, if the Guard could spare the training time of several tens of thousands of this 500,000-plus members each year

the U.S. could drug-search over 50% of incoming cargo, even without the utilization of new technology.
Note: The Guard will not volunteer for drug searching.

COCAINE BOATS

Approximately 31% of the 800,000 lbs. of cocaine entering the country illegally is transported by private boats, mainly in the South Florida area. Coast Guard officials have estimated privately that they interdict less than 10% of the cocaine smuggled by boat. This coincides with the Coast Guard's reported interdiction of 12,825 lbs. of cocaine in 1988, representing 8.6% of all cocaine interdicted that year, but about 4% of the cocaine estimated to have been smuggled by boat.

The problem with interdicting cocaine boats is one of distance and crowded waterways. In many areas off the Florida coast, but especially in the high traffic area between the islands of the Caribbean and the Florida coast, the sea is jammed with boats. Fishermen, tourists, pleasure boaters combine to form a "grand central station" in which the successful smuggler quickly loses himself. If it wasn't for the great crowd, modern radar techniques would allow the Coast Guard to quickly track, detain and search small craft moving from the cocaine-rich islands of the Caribbean toward the mainland.

The key to winning the Drug War in Florida lies in segregating the local Florida boat traffic from the stream of "outside" boats traveling from the Caribbean islands to the Florida coast. It is in this interaction, according to Coast Guard officials, that the drug trade is carried on.

THE NO-MANS-LAND PROPOSAL

Most Floridian boats in a given day are plying the waters within 3 miles of the coast. An effective stem in cutting off the drug boats will be to establish a 10 mile limit to Southern Florida coastline. A "no-man's-land" from the 10 to 12 mile limit would then be established through which no boats are allowed to travel except through designated corridors. Each of the corridors would be attended by a Coast Guard check station, complete with enough personnel and cocaine sensors, to examine every boat. The corridors could be supported by the U.S. Navy.

This exclusionary zone and its attendant corridors would allow the Coast Guard to bring its undersized forces into match with those of its adversaries. Vessels which attempt to breach the exclusion zone could easily be detected and detained.

SUMMARY: Drug Boats Action Recommendation
PROBLEM: Cocaine smuggled in small boats (less than 10% interdiction)
PRESENT U.S. DEFENSE: Outmanned Coast Guard
RECOMMENDED ACTION: Establish exclusionary zone off the South Florida coast through which no boats can pass except through designated corridors.
CHIEF OBSTACLE: Political pressure from boating enthusiasts.

ANSWER:
The only way to bring the Coast Guard into parity with the drug smugglers is to somehow segregate them from the legitimate Florida pleasure fleet. This is accomplished by establishing an exclusionary zone with passage corridors. Pleasure boaters, if patiently informed of the importance of winning the drug war, should support this program, however inconvenient. Further, all aircraft should be excluded from airspace near the corridors to prevent air drops of narcotics to vessels which have passed the checkpoints. The system could be modified by requiring the operation of transponders by boats that travel beyond the 12 mile limit.

DRUG PLANES

The fastest way to move narcotics into the United States is to fly it across the Southern Border. It is also the surest. This is because the drug plane smuggler has a number of elements on his side. He is aided by lack of competent U.S. low-level radar and a hodge-podge of domestic agencies charged with stopping him, who are underfunded, under-equipped, and pre-occupied with turf battles.

According to GAO, 10 to 27 drug planes penetrate the U.S. borders on a nightly basis. This amounts to a minimum of 3,600 drug planes per year, attempting to enter the U.S. against this "invasion" force the following Customs interdiction numbers are pathetic evidence of a cartel dominance of U.S. air borders.

FISCAL YEAR	DRUG PLANES INTERDICTED
1984	50
1985	87
1986	41
1987	66
1988	71
1989	68

Over the past four years, customs has undertaken to establish a radar "picket fence" across the 3,000 mile border of the U.S. Presently, aerostats (balloons with radars) are stationed in Florida (3), Yuma, Arizona, Fort Huachuca, Arizona, Deming, New Mexico and Marfa, Texas. Two more are to be installed at Eagle Pass, Texas and Rio Grand City in Texas. By 1993 the "picket fence" will be complete. In the meantime, drug planes are flying at will through the gaps in the Southwest and the Gulf. The following is Custom's entire aircraft inventory:

Aerostats:	5	
Citations:	16	
E2-C:	0	(gave their two to Coast Guard)
P3-A:	2	
P-3:	4	
Blackhawks:	16	

WHAT NEEDS TO BE DONE

For a successful interdiction program, three elements are necessary. First, constant radar coverage of the Southern border is required. Secondly, chase planes and helicopters must be ready to "track" the drug planes north as they reach the border. Finally, helicopters in the Blackhawk class should be deployed several hundred miles north of the border, with customs agents on sufficient alert to join the final leg of a pursuit. This sequence of 1) detection 2) tracking and 3) interdiction requires a single commander capable of coordinating communications and air operations. Currently we have 25 Naval Air Stations and Air Force Bases stationed along the Southern Border of the U.S. These bases are the natural operational headquarters for a successful interdiction operation. Recommendation follows:

DRUG PLANES RECOMMENDED ACTION

PROBLEM: Small aircraft flying 300,000 lbs. of cocaine annually into U.S.
PRESENT U.S. DEFENSE: 5 balloons 27 planes and 16 helicopters
RECOMMENDED ACTION:

Divide border in to six sectors with each sector approximating the radar footprint of an aerostat/E2-C. In each sector give the mission of drug interdiction to the commanding officer of a prominent USAF base or Naval Air Station in the sector. (For example th commander of the "California sector" might be the CO of Miramar Naval Air Station.

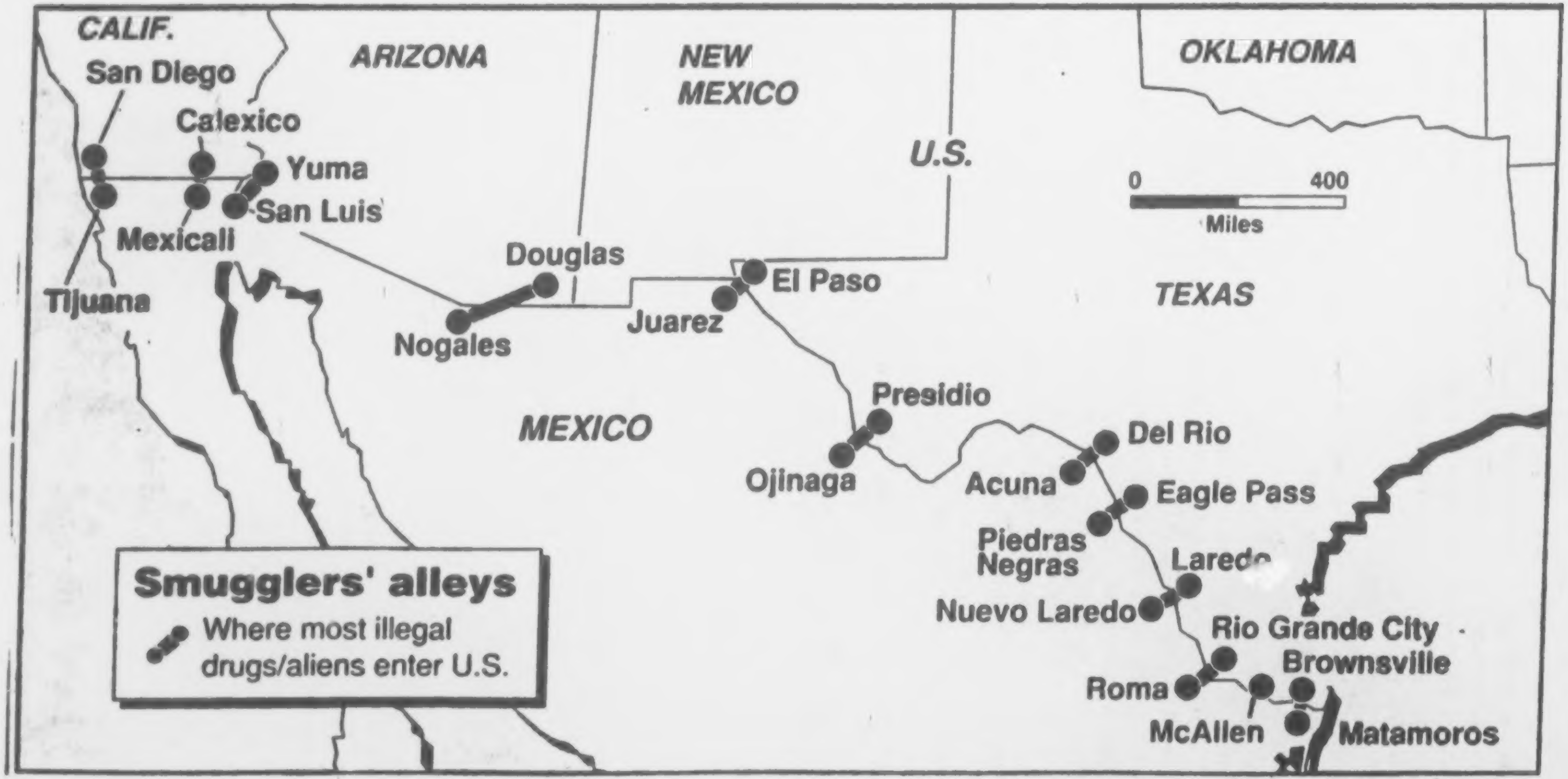
Assign to the CO of each sector an interdiction team consisting of radar aircraft, pursuit planes and helicopters, along with crews, ground support equipment and personnel, and importantly, a Customs "arrest team." (The Customs agents join the last leg of the chase as passengers in interdiction helicopters to make the airstrip arrests.)

The following is a suggested team for each of the six proposed sectors:

5 or more radar planes (combination of E2-C, AWACS, OV-10, P3-A)
6 or more pursuit planes (combination of Citation II, OV-10s, etc.)
6 or more Blackhawk helicopters, equipped with FLIR, spotlights
20 Customs agents, with living quarters and operating quarters provided by the sector CO.

Command: We have been losing the airborne cocaine war for several reasons. One main factor is the lack of a designated commander who is held responsible for holding down a piece of th "radar fence" on the southern border. Command of each sector should be vested in a chosen DOD base commander. This delegation of authority is consistent with the Hunter-Wilson amendment giving "lead agency" status to DOD for "detecting and monitoring" drug planes. Thus the Base Commander is responsible for maintaining radar coverage of the border, detecting the intruding drug plan, scrambling and vectoring helicopters carrying Customs agents into the final leg of the chase, and depositing the armed Customs agents on the runway at the location of the drug plane as it taxis to a halt ant the end of the pursuit. At this point, the responsibility of the DOD commander is ended. Customs agents make the arrests and carry out the administrative responsibilities relative to prosecution.

The vesting of command for individual sectors is border DOD base commanders makes sense from another point of view. A base commander has the necessary authority to coordinate flight operation, provide housing, fuel, operations space, and other logistical support to the interdiction operation. Enormous bureaucratic and operational problems are bypassed simply by giving him an additional "hat"...the command of interdiction for his "piece of perimeter."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Piedras Negras
Laredo
Nuevo Laredo
Rio Grande City
Roma
McAllen
Brownsville
Matamoros
Smugglers' alleys
Where most illegal drugs/aliens enter U.S.

Chicago Tribune Map; Source: Rep. Duncan Hunter (R-Calif.)

Mr. HUNTER. Let me tell you what the situation is with respect to the California border that I happen to represent. My district is kind of the bottom slice in the State of California, and it includes all 150-some-odd miles of the California-Mexican border. I go literally from the Coronado Island in the ocean to the Colorado River and border my friend, Mo Udall, in Arizona.

The situation is completely out of control right now. Let me tell you, the Border Patrol in the last year apprehended, just in the San Diego sector, which is about the 15 miles east of the Pacific Ocean along the border, in excess of $121 million worth of illegal drugs just pursuant to their alien detention job—in other words, without making a special effort to displace Customs or anybody else as an interdictor of narcotics.

In reality, this is what you have on the California border as we speak. If this is the best day the Border Patrol ever had in their history, you have maybe 50 agents on the entire 150-mile border, roughly one for about every three miles. If this is the best day in the history of the Border Patrol for the Southwest, you have maybe 200 agents—and that's really stretching it—between San Diego and Brownsville, Texas, a 2,000-mile border.

You have got about 400 people showing up for work every day in the Border Patrol in the State of California, and after you subtract for the interior check stations and the administrative duties and the other duties that the Border Patrol now undertakes, you have got maybe 50 people actually patrolling the border for the Border Patrol—maybe 50 people.

The cocaine traffic has been displaced to some degree by the efforts in south Florida. You have a lot of planes bringing cocaine into the air strips in northern Mexico. And a lot of it is not coming out in aircraft, as has happened in past years. A lot of it is now coming across the border in backpacks—for example, in Smuggler's Canyon, we apprehended in excess of a thousand pounds of cocaine in backpacks this last year in one canyon.

We are going to have to do something about that, and I have seen the President's recommendation of 174 agents as absolutely needed, absolutely necessary. But as you may have gathered from my opening remarks, it will not come close to providing us the coverage that we need along the Southern border.

I think it is time to consider a couple things. Number one, I think we need to have a forward defense on the border or put the Border Patrol into a patrolling the border mode. In my estimation, the Border Patrol is so outgunned and undermanned that long ago they gave up any effort to actually patrol the border; that is, establish a perimeter on the border and interdict people coming across the border. If you look at the Border Patrol in California now, you will see check stations, 20, 30, 40, 50 miles away from the border. You will see Border Patrol presence throughout the State of California.

What they have really done is they have gone to a kind of fallback position. They try to stem the problem of smuggling, of aliens and drugs, in bits and pieces in unrelated programs. I drove back on Highway 8 from Imperial County the other day, and they had a check station on the highway. They have check stations on Highway 15 and Highway 5. But they have given up actually trying to patrol the border.

Along with a lot more people, we need to have a road along the border. And it may surprise you—it shocked the devil out of me—that we don't have any easement along the border for the Border Patrol, except for the ones that they bootleg from landowners, in the State of California. Talking to Justice and IBWC, our Border Patrol does not have the legal right to patrol its own international border at this point.

We don't even have an easement all the way along the border so that the Border Patrol can patrol the border. They can drive a little short piece, maybe 300 yards at the border; then they have got to pull out on a road and go down maybe a public road that parallels the road and then go back in at another place. They don't have the right to patrol the border in California, which to me is incredible. We need to condemn a right of way. There are no buildings. There is no industry or anything close to the border. It is mostly farms and ranches. But we need to have a right of way. We need to have a simple dirt road where our agencies, whether they are Border Patrol or DEA or whatever, can move laterally at a fairly rapid speed.

But we are going to have to have more people. I have been an advocate of doing something to allow the National Guard—I know a lot of people oppose any militarization, but, you know, in a way this represents the big bureaucratic problem that this country often finds ourselves in. We have this little force of 50 men who are in charge of interdicting at other than ports of entry this cocaine that is killing our children coming across the border. We have got the little force of 50 people, and over here we have got a National Guard with 600,000 people already on the payroll. And our bureaucratic problem is to move those positions or resources or whatever from this giant army down to the people who are holding the line. So far, we are unable to do it. Whether it means taking positions from the Guard or allowing an intra-service transfer or some reordering of priorities, until we have the ability to actually establish a perimeter along the border in what I call the smuggling corridors, we are not going to stop it.

Now, there is one thing that I think you need to know that maybe hasn't been stressed before by people testifying. We don't have to have a bunch of people holding hands across 2,000 miles of border from San Diego to Brownsville, Texas. That is not so, because what you have in the Southwest is a lot of desert and very rugged country. So you will have a metropolitan area, like San Diego and Tijuana—I call it the Tijuana, San Diego smuggling corridor, 15 miles wide, and then you've got rugged mountains and desert, very, very hot, very tough to negotiate. And it is tough for these smugglers, whether they are smuggling aliens or drugs, to move stuff across there. Because what they need is they need to have an urban area where they can lose themselves in the crowd and in the traffic.

So what you have got is you have got 12 smuggling corridors in the Southwest. It starts at San Diego, Tijuana and goes across the communities, where you have communities on both sides, all the way ending up at Brownsville, Matamoros in Texas. Those communities, those corridors between those communities, come to a total of about 150 miles. About 15 miles is the San Diego corridor. If we could close those down by having two men in a Dodge Ram Charger on a border road every 200 yards in what I call a mobile command post and actually have a Border Patrol force sufficient to patrol the border in those areas, we could largely cut down this cocaine traffic. And when you get out in the desert area, that is where the Border Patrol sensor equipment and their ability to surveill and the tough, harsh physical conditions, give them the upper hand over the smugglers.

So that is the situation. The situation is the "white death" is coming across our border in enormous flows. We have done very little to alleviate that problem. Our own bureaucracy is a problem. There is no drug pack out there. You know, a lot of our issues, we have people on the other side fighting a particular position, and you have to win a political battle. But we have met the enemy and they are us. It is the Federal Government, and right now we are paralyzed. So anything you can do would be greatly appreciated.

[The prepared statement of Mr. Hunter follows:]

HONORABLE DUNCAN HUNTER
FY 1991 APPROPRIATIONS
HEARING BEFORE THE
APPROPRIATIONS SUBCOMMITTEE ON COMMERCE, JUSTICE, STATE, AND JUDICIARY
MARCH 29, 1990

Mr. Chairman, I want to thank you and the members of this panel for the opportunity to speak about the need for increasing the numbers of Border Patrol agents and briefly about a Border Patrol drug interdiction project I am currently working on.

As representative of the entire California-Mexico border, I am daily reminded that to achieve any success in our nation's war on drugs, we must supply the necessary manpower to control our porous border. I know that the President has recommended an increase in staffing levels and that, under your leadership, we will be proposing to beef up the INS/Border Patrol operations. I strongly support this effort.

I have been working recently with the INS and the California National Guard on my proposal to build an unimproved, gravel road along a 15-mile stretch of the California-Mexico border in San Diego. This, for the first time, would allow our Border Patrol agents to pursue drug smugglers and illegal immigrants laterally along the border. This is now impossible.

We are losing the Drug War. Every statistical trend available relative to economic and social damage done by narcotics to the U.S. is negative. The supply side of the Drug War can be easily described: There is no significant interdiction of cocaine smuggled across our southern border. Currently, less than 4% of the cargo entering the U.S. is searched for drugs and in the past 2 years less than five drug planes entering California have been cold-detected and interdicted.

This continuing defeat in air, land, sea, and ports-of-entry can be reversed with a series of simple actions. With the actions we win interdiction. Without them we continue losing. Recommendations follow:

How many U.S. personnel are physically based along the 2,000 mile border between the U.S. and Mexico (aside from the ports-of-entry) at any given time? Answer: 250 agents, on a good day.

In California alone 50 members of the Border Patrol spread out over 150 miles are the only obstacles between the cocaine smugglers and the children of California. The Border Patrol in California numbers about 650 officers, of whom 400 report to work on any given day. After assignment to interior checkpoints throughout Southern California, only about 150 per 24 hours or 50 per 8 hour shift are available for placement on the border.

The porous quality of the California-Mexico border is best illustrated by two numbers, 366,757 illegal aliens and $121,000,000 worth of narcotics were apprehended in the 14 mile-long "San Diego" sector by the Border Patrol in fiscal year 1989. For each alien/smuggler apprehended, the Border Patrol estimates that 3 alien/smugglers successfully enter the U.S. For this reason the Border Patrol has abandoned any effort to establish a perimeter along the border. The border has become a "no-man's land," rife with murder, assault, alien smuggling, and cocaine smuggling opportunities so rich that the cartels are now focusing on California's "smugglers' ally." (45% of all border smuggling takes place in the 14 mile San Diego sector).

The vast majority of alien/narcotics smuggling takes place in the 12 "smugglers' alleys," or corridors. These corridors are:

1) The San Diego-Tijuana corridor (45% of the nationwide smuggling)
2) the Calexico-Mexicali corridor (approx. 15 miles)
3) the Yuma-San Luis corridor (approx. 10 miles)
4) the Douglas-Nogales corridor (approx 15 miles)
5) the El Paso-Juarez corridor (approx. 30 miles)
6) the Presidio-Ojinaga corridor (approx. 5 miles)
7) the Del Rio-Acuna corridor (approx. 15 miles)
8) the Eagle Pass-Piedras Negras corridor (approx. 10 miles)
9) the Laredo-Nueva Laredo corridor (approx. 15 miles)
10) the Rio Grand City-Roma corridor (approx. 10 miles)
11) the McAllen corridor (approx. 10 miles)
12) the Brownsville-Matamoras corridor (approx 15 miles).

The relatively barren desert and plains areas separating these corridors are little used by land smugglers. The smuggling corridors represent high-density population centers. These population centers provide smugglers with logistical bases and the large population and dense vehicle traffic that swallows up the smugglers quickly once they have crossed the border. Also, the remote desert stretches of the border present harsh physical conditions and maximize the sensor capability of the Border Patrol. A foot smuggler who has been detected in the desert is highly vulnerable to apprehension.

As a result of this "desert-then cities-then desert" nature of the Southwest Border, a major blow could be dealt to the drug cartels by forming an agent perimeter across the 12 smuggler alleys that exist on the U.S.-Mexico land border. These alleys total around 150 miles of the border.

National Guard Engineers Construct Road along Border: A road should be constructed along the border at the 12 major smuggling corridors. This road will allow the Border Patrol Agents to move laterally with ease, thereby enhancing their capabilities. The border road can be a simple dirt road with a granite base that will allow a Border Patrol 4x4 to traverse the border at 30 mph.

National Guard Engineers Repair Existing Fence and Construct New Fence to cover 12 Major Smuggling Corridors: Presently, the fence along the border is in rags. Major breaches have been torn in the fence to accommodate smugglers with large tonnages. It is not necessary to fence the entire border, but simply that portion which lies in the 12 major smuggling corridors.

National Guard Personnel are Given Inter-Service Transfers to Increase Border Patrol Positions, and Border Perimeter along 12 Major Smuggling Corridors is Manned on Constant Basis: A manned perimeter along the border road should be established across the 12 smuggling corridors. The perimeter could consist of two agents in a mobile command post (4x4 vehicle) every 200 yards. This amounts to a requirement of 18 agents per mile per 8 hours for a total force requirement of 54 agents per mile for 24 hour coverage or approximately 8,000 personnel to close down the 12 smuggler's corridors across the U.S. land border.

National Guard provides Illumination on Border along Smuggler's Corridors by Providing Mobile Lights or Flares: This illumination of the border will allow the U.S. agents on the border perimeter to truly secure the border against drug smugglers.

The bureaucracy will resist the simple solution of manning the border with drug agents. In this case, President Bush, Dick Cheney and Bill Bennett must simply refuse to accept "it can't be done" for an answer. The 4 simple elements of a road, a repaired fence, border lights, and enough personnel to form a perimeter along the border has not been achieved in the past because there has not been a constituency for a secure border. With the nation drowning in drugs there is now a compelling national interest.

Taxpayers already pay 500,000-plus national guardsmen for two weeks training time each year. If we could transfer just a few thousand of these positions to the green uniforms of the Border Patrol (or DEA or Customs) on a rotating basis, we could close all 12 of the drug smuggling corridors on the U.S. land border.

The buddy system...Guard units with military police MOS are ordered to take their training period on the border where individuals are assigned to ride with Border Patrol agents as helpers, assisting with driving, communications, and observation of the border. This force multiplier could be implemented quickly.

Guard units are assigned to take over logistics duties involving transportation, incarceration and clerical work that will free up Border Patrol agents for assignment at the border.

Inter-service transfer...National Guardsmen with exemplary records and geographical proximity to the border are allowed to make an inter-service transfer to the Border Patrol, which will be credited to their service record. In this scenario, former guardsmen don the green uniform of the Border Patrol and undertake Border Patrol schooling.

It is estimated that about 30% of the 800,000 lbs. of cocaine smuggled into the U.S. last year was moved in cargo. The U.S. Customs Service only has enough personnel to search about 4% of the incoming cargo for drugs. All other factors being equal a shipment of cocaine, hidden in cargo, has a 96% chance of successful entry into the U. S. Here, the U.S. could deal a major blow to the drug trade with relatively simple actions. All the cargo coming into U.S. ports passes under the inspection of U.S. officials. With enough people and technology, every single cargo container could be scrutinized. We could close this drug door quickly.

In closing, Mr. Chairman, I hope this idea finds interest in your committee. I have written a more complete version of this concept titled "Four Achievable Victories in the Drug War" that I would ask be printed in the record of this hearing.

Thank you, Mr. Chairman.

Mr. DWYER. Thank you, Congressman. That was a very well thought out statement. Thank you very kindly. We appreciate your appearance here today.

THURSDAY, MARCH 29, 1990.

NOAA, NATIONAL MARINE FISHERIES SERVICE

WITNESS

GEORGE D. LAPOINTE, LEGISLATIVE COUNSEL, INTERNATIONAL ASSOCIATION OF FISH AND WILDLIFE AGENCIES

Mr. DWYER. Next we have Mr. George Lapointe, legislative counsel to the International Association of Fish and Wildlife Agencies.

Mr. LAPOINTE. Thank you, Mr. Chairman.

As you said, I am George Lapointe, legislative counsel for the International Association of Fish and Wildlife Agencies. The association again appreciates the opportunity to testify before the subcommittee today on the fiscal year 1991 budget of the National Marine Fisheries Service and the National Sea Grant program. We would like to thank you and other subcommittee members for your past efforts in keeping these marine resource management programs afloat, and again ask your assistance in restoring a sense of balance to the National Marine Fisheries Service budget.

The association strives to promote sound resource management through strengthening Federal, State, and private cooperation to protect our nation's fish and wildlife. It is in this spirit that we comment on the NMFS and the Sea Grant budget proposals today.

The National Marine Fisheries Service budget proposed by administrations over the past decade have reflected an abandonment of Federal fisheries responsibility which runs counter to Federal mandates and to the public's desire for sound marine resource management. We applaud the Congress for restoring these budgets as most recently evidenced by the $187 million fiscal year 1990 NMFS budget.

The proposed fiscal year 1991 budget, however, would reduce this to $153 million, again jeopardizing the agency's abilities to achieve its own priorities of improving its information base, stock assessment, developing alternative management strategies, developing recovery plans for endangered species, improved enforcement and increased habitat protection efforts. The Association believes that NMFS's highest priority should be research, data collection, and cooperative management of marine fish and their habitat. These responsibilities cannot all be delegated to the States.

I would like to highlight a couple of items from our written testimony.

The Association recommends funding the Interjurisdictional Fisheries Act at $5.35 million as authorized by law. State and interstate commission funding under the act provides vital information for cooperative fisheries management. Likewise, Anadromous Fish Conservation Act money is needed for restoration and management of our Nation's valuable anadromous fish species. We recommend

$3.5 million for anadromous fish grants, including $500,000 for striped bass studies.

The functions of the Regional Fishery Management Councils established by the Magnuson Fishery Conservation and Management Act are being crippled by underfunding. The Association recommends at least $9 million for the councils to assist in meeting the ever-growing demands by over 50 fishery management plans and increasing habitat protection efforts.

NMFS must be able to collect and use information in a timely manner to properly manage our Nation's marine resources. As near as we can tell, the fiscal year 1991 budget reduces information, collection and analysis by $6 million. An important part of this is the marine recreational fisheries statistics program. Fishery management efforts require good recreational as well as commercial statistics. Therefore, the Association recommends that the marine recreational fish statistics survey be funded at $4 million in fiscal year 1991.

Our last item on data, funding for fishery independent data programs such as MARMAP, MARFIN, PACFIN, and SEAMAP, are eliminated in the proposed budget, and we recommend restoration of those valuable programs.

A last item on the National Marine Fisheries Service, the Association opposes termination of Federal support for the Columbia River mitigation hatcheries and urge restoration of last year's funding level of $9.3 million.

The National Sea Grant program fills a unique niche in the management, development, and use of our marine and Great Lakes resources. The association recommends that the Sea Grant program be funded at $41 million in fiscal year 1991.

Mr. Chairman, that concludes my statement. Again, the association appreciates your committee's past work in maintaining the National Marine Fisheries Service, and I would be happy to answer any questions that you have.

[The prepared statement of Mr. LaPointe follows:]

International Association of Fish and Wildlife Agencies

I.A.F.W.A.

Hall of the States
444 North Capitol St. NW, Suite 534, Washington, DC 20001 (202) 624-7890
R. Max Peterson, Executive Vice President

Testimony before the
Appropriations Subcommittee on Commerce, Justice,
State, and the Judiciary
on the FY 1991 budget for the National Marine Fisheries Service
and the National Sea Grant Program

presented by
George D. Lapointe, Legislative Counsel
29 March, 1990

Mr. Chairman and members of the Subcommittee, the International Association of Fish and Wildlife Agencies appreciates the opportunity to testify before your committee on the FY 1991 budgets of the National Marine Fisheries Service and the National Sea Grant program. It is in the spirit of cooperative state/federal management that the Association comments on these agency budgets.

The International Association of Fish and Wildlife Agencies, founded in 1902, is a quasi-governmental organization of public agencies charged with the protection and management of North America's fish and wildlife resources. The Association's governmental members include the fish and wildlife agencies of the states, provinces, and federal governments of the U.S., Canada, and Mexico. All 50 states are members. The Association has been a key organization in promoting sound resource management and strengthening federal, state, and private cooperation in protecting and managing fish and wildlife and their habitats in the public interest.

NATIONAL MARINE FISHERIES SERVICE (NMFS)

The Association applauds Congress for the FY 1990 NMFS appropriation of $187 million. The Association strongly encourages Congress to maintain this trend by strengthening the President's FY 1991 budget request through restoration of important slated budget cuts. The agency's responsibilities have increased tremendously over the last decade without concomittant funding levels. The FY 1991 NMFS budget again reflects a desertion of federal fisheries responsibilities counter to mandates on the states, fishery management commissions and regional fishery management councils to implement federal laws. This budget request does not reflect the Administration's commitment to enhanced protection and conservation of our natural resources. NMFS continues to be underfunded in critical areas at the very time the public and Congress are demanding greater emphasis on appropriate ocean management. Therefore, the Association urges the Congress to again assume the leadership in providing appropriate funding for NMFS.

The FY 1991 NMFS $153.6 million budget request for operations, research and facilities is a $33 million reduction from the FY 1990 budget. The proposed reduction will jeopardize the NMFS' ability to achieve its own priorities of information base and stock assessment improvement, developing alternative management strategies, reduction of bycatch mortality, developing recovery plans for endangered species, implementing a "no net loss" habitat policy, and improved enforcement. It is the Association's position that the highest priorities of NMFS should be research, data collection and management of marine fishery resources and their habitats. These federal responsibilities cannot be delegated to the states or private interests.

The Association recommends that the Interjurisdictional Fisheries Act be fully funded at the $5.35 million level as originally authorized by Congress. State and commission projects funded through this program provide much needed fisheries information and catch statistics to the Regional Councils and Interstate Commissions, and indirectly to NMFS. Presently many migratory species need coordinated interjurisdictional management. Congress crafted the Interjurisdictional Fisheries Act as a joint federal/state partnership to help fill this need. Failure to provide funding would jeopardize the states', councils' and commissions' ability to effectively develop, implement, and monitor regional fishery management plans.

Grants to states through the Anadromous Fish Conservation Act should be restored to $3 million including $0.5 million for the Emergency Striped Bass Study under the Atlantic Striped Bass Conservation Act. This funding level is essential to continued monitoring and research on valuable species such as salmon, striped bass, sturgeon, American shad, and river herring. It is impossible for the states to fully manage those shared migratory stocks by themselves; cooperative Federal/state conservation and management efforts are basic to restoration and enhancement of these species. Continued funding of the Emergency Striped Bass Studies is needed to the monitor and restore Atlantic Coast striped bass stocks.

The budget for the operations of the Regional Fishery Management Councils should be increased to at least $9 million. The 50 to 60 fishery management plans in effect must be carefully monitored and updated, and additional requirements are annually imposed on the Councils. The Councils must be able to respond to these dynamic planning and monitoring functions, as envisioned in the Magnuson Fishery Conservation and Management Act, if domestic commercial and recreational fisheries are to be restored and managed.

The Association strongly opposes termination of Federal support for the Columbia River mitigation hatcheries and recommends maintenance of funding at last year's congressionally appropriated level of $9.3 million.

The Association strongly recommends a NMFS habitat research program of $17.5 million and supports the Administration's $5.5 million request for habitat conservation. Adequate habitat is essential to the survival of living marine resources. NMFS must be able to provide the habitat information required to meet new planning requirements. The NMFS Habitat Policy initiatives and objectives should be sustained by appropriate funding.

Resource Information, Collection and Analysis. The ability of NMFS to perform its needed research and management functions, and to disseminate this information must be strengthened. The Association considers research and statistical support to the Fishery Management Councils to be paramount. In spite of the agency's rhetoric on essential information collection and analysis needs, their FY 1991 budget proposal suggests an overall reduction of $6 million from last year. The Association believes NMFS inadequately funded to fulfill its data responsibilities at FY 1990 levels.

The Association recommends that the Marine Recreational Fisheries Statistics Program funded at $4.0 million. Many fishery management plans address recreational as well as commercial fisheries. Such fisheries cannot be managed on commercial landings data alone. The NMFS Marine Recreational Fisheries Statistics Survey (MRFSS) provides the only national database upon which the Councils and Commissions can depend. Current funding for the MRFSS ($1.8 million) is inadequate to provide fisheries managers with essential data. A $4 million appropriation would allow needed redesign and increased sample size to ensure more accurate and timely data upon which to manage marine recreational fisheries.

The Association is also opposed to cuts in important programs such as MARMAP, MARFIN, PACFIN AND SEAMAP which provide valuable fishery independent data for resource managers.

The total agency request for Saltonstall-Kennedy (S-K) funds to the NMFS for FY 1991 is proposed to offset the NMFS Operation, Research and Facilities Account which eliminates the S-K grants program. The Association recommends a $10 million S-K grants program to address high priority industry research and development needs, and to generate industry matching monies.

The Association is pleased that NMFS has included, in the protected species management base budget, the $7.5 million needed to implement the latest amendments to the Marine Mammal Protection Act. Additionally, the Association commends the Administration request of $3.0 million for marine mammal population assessment.

NATIONAL SEA GRANT COLLEGE PROGRAM

The National Sea Grant College Program fills a unique niche in the management, development and utilization of the Nation's marine resources of the Coastal and Great Lakes regions, public education, and extending the findings to resource users for implementation. Similarly, the National Coastal Zone Management Program provides critical support to protect and maintain the integrity of coastal marine environments in the face of population growth and development pressures. Coastal and Great Lakes states are making major contributions to these efforts, but cannot do the entire job.

Sea Grant programs have developed a responsive network that represents an investment of federal, state and local resources. It combines research, education, technology transfer and public service in a university based program that enhances the wise use of Great Lakes and marine resources.

The Association recommends that the FY 1991 National Sea Grant College Program be funded at $41.0 million, an increase of $14.0 million over the proposed budget.

In summary, the Association believes that the FY 1991 National Marine Fisheries Service budget request needs major help from the Congress to bring it on par with the FY 1990 budget approved by Congress. Particular areas of concern are promoting cooperative interjurisdictional fisheries management, improving NMFS data collection and analysis functions, improving funding for the regional fishery management councils, and increased habitat management activities. We appreciate the past efforts of this committee in past years and ask your help again to maintain the National Marine Fisheries Service as a viable federal agency.

Mr. **Dwyer**. Thank you, Mr. Lapointe?

Mr. Early, any questions?

Mr. **Early**. No.

Mr. **Dwyer**. Thank you for appearing here today.

Mr. **Lapointe**. Thank you.

Thursday, March 29, 1990.

NOAA, NATIONAL MARINE FISHERIES SERVICE

WITNESS

DAVID L. McCRANEY, CHAIR, GOVERNOR'S OCEAN POLICY WORK GROUP, STATE OF WASHINGTON

Mr. **Early**. [presiding]. Next we are going to hear from David McCraney, Chair of the Governor's Ocean Policy Work Group, State of Washington.

Mr. **McCraney**. Thank you, Mr. Chairman.

For the record, my name is David McCraney. I am the assistant director of the Washington Department of Fisheries and also serve as the Chair of Governor Booth Gardner's Ocean Policy Work Group.

I have been asked today also to provide the Committee a statement on behalf of the State of Oregon. So if I could leave that statement with the committee, it would be appreciated.

I would also like to echo the comments that have been made previously by your colleagues, Representatives Dicks, Unsoeld, and AuCoin, with regard to fisheries matters.

Beginning first with the Reagan and now the Bush Administrations, both of those administrations have for years deleted or substantially underfunded critical fisheries programs affecting the Pacific Northwest. Each year a coalition of State and tribal governments and industry groups has worked with the assistance of this committee to restore adequate levels of funding. Unfortunately, it is this restoration effort that once again brings the State before you.

Why do we make this repeated effort? Two very simple reasons. First, fish and fishing are woven into the very fabric of Northwest life. Second, sport, tribal, and commercial fishing are absolutely essential elements of the Northwest economy as well as our national and international economies and the Nation's ability to provide quality affordable food supplies. Recent analyses place the annual contribution to Washington's economy of recreational salmon fishing by itself in the $200 million range. Commercial fisheries, conducted by Northwest Indian tribes, make multimillion dollar contributions to our economy as well.

Looking at an even larger perspective that includes Washington-based fisheries and processors operating in Alaska and the North Pacific, the total 1988 contribution of the commercial fishing industry to the economy of Washington is calculated to have been over $3 billion and approached 40,000 regional jobs. Many Northwest fisheries are part of Federal government obligations to the States, tribes, and even other nations. These obligations result from congressionally mandated mitigation efforts, Indian and international treaties, and ongoing multinational negotiations. It is only fair and equitable for the Federal Executive to honor its obligations.

Mr. Chairman, I have attached a detailed list of our funding needs to my testimony. In the interest of your time, I will just summarize a couple of those and conclude my comments.

Mr. EARLY. Your statement in full will be included in the record.

Mr. McCRANEY. Thank you very much.

The State of Washington's most important 1991 need centers on the Mitchell Act. This Act, passed by the Congress in 1938, authorized hatcheries and other measures to maintain migratory fish in the Columbia Basin following the degradation and destruction of habitat caused by Federal dams. The Administration's current budget requests no money for Mitchell Act funding. In reality, a total of $11 million in operating money is needed to maintain these hatcheries at current levels. Funding at the fiscal year 1990 level of $9.3 million will force the actual closure of two hatcheries in Washington and could have similar impacts in Oregon. We believe an additional $4 million is needed to begin a long delayed rehabilitation program at Mitchell Act hatcheries.

Our next priority focuses on North Pacific needs. These include a $9.5 million domestic observer program, $6.9 million for an assessment of declining northern stellar sea lion populations, $2.1 million for Bering Sea pollock research, and several other additional Alaska resource surveys.

A third priority is adequate funding for the Pacific Salmon Commission and ongoing implementation of the U.S.-Canada Salmon Treaty. A total of $7.54 million is needed here with the administration requesting only $4.8 million. Reduced Pacific salmon funding seriously threatens our ability to effectively manage this international fishery and imperils both Indian and U.S.-Canada treaty obligations.

Our final priority is high seas drift nets. We simply must remove these marine and resource killers from the world's oceans; $7.5 million is needed to carry out an effective drift net program during the coming years.

In closing, I must first emphasize the importance of the fisheries programs of the National Marine Fisheries Service, not just for my State or the Northwest, but to the entire Nation. Second, we wish to express our continuing dismay and disappointment at the Federal executive branch's ongoing failure to recognize the values of America's fisheries. Third, we ask you to join in supporting our funding requests. And, finally, once again, we thank this committee for the opportunity to outline the State of Washington's views, perspectives, and concerns with regard to Federal fishing matters.

Thank you very much, Mr. Chairman.

[The statement of Mr. McCraney and related materials follow:]

Statement of Mr. David L. McCraney, Representing the State of Washington, Presented to the U.S. House of Representatives Subcommittee on Commerce Department Appropriations, Washington, D.C., March 29, 1990.

Mr. Chairman, Members of the Committee.

My name is David McCraney. I am an Assistant Director of the Washington Department of Fisheries and serve as the Chair of Governor Booth Gardner's Ocean Policy Work Group.

I appreciate the opportunity to testify before this committee regarding administration's 1991 budget requests for the Department of Commerce's National Marine Fisheries Service (NMFS).

First the Reagan, and now Bush administrations, have for years deleted, or substantially underfunded, critical NMFS fisheries programs affecting the Pacific Northwest, when making their annual budget requests. Each year a coalition of state and tribal governments and fisheries industry groups has worked, with the assistance of this committee, to restore adequate levels of funding. Unfortunately, it is this restoration effort that once again brings the state of Washington before you today.

Why do we make this repeated effort, when successive administrations continue to ignore our fisheries needs and concerns? There are two very simple reasons. First, fish and fishing are woven into the very fabric of Northwest life. Whether represented through the pursuit of trout, salmon, halibut, crab or razor clams by recreational fishers; an Indian cultural or ceremonial fishery; or one of our diverse, ever-changing and growing commercial fisheries; fish and fishing are key parts of the way we live.

Second, sport, tribal and commercial fishing are absolutely essential elements of the Northwest economy, as well as our national and international economies, and the nation's ability to provide quality, affordable food supplies. Perhaps we have not done as good a job as necessary in educating the federal executive agencies as to the value of Northwest fisheries resources. Our renewed education efforts begin here today, before your committee.

Recent analyses by the Washington Department of Community Development[1] place the annual contribution to Washington's economy, of recreational salmon fishing alone, in the $200 million dollar range. There is no doubt that other valuable and popular sport fisheries —steelhead, sturgeon, halibut and a variety of shellfish such as Dungeness crab and razor clams -- also make substantial contributions to our economy.

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[1] Economic Impacts and Net Economic Values Associated with Non-Indian Salmon and Sturgeon Fisheries, Washington Department of Community Development, March 8, 1988.

It is important to note and acknowledge that commercial fisheries conducted by Northwest Indian tribes make multi-million dollar contributions to Washington's fisheries and overall economies.

Looking at an even larger perspective that includes Washington based fishers and processors operating in Alaska and the North Pacific, the total 1988 contribution of the commercial fishing industry to the economy of Washington was calculated to have been over three billion dollars and approached 40,000 regional jobs.[2]

Fish, fishing and fisheries are clearly major components of the culture and economies of the Pacific Northwest and the nation. Many Northwest fisheries operations are part of federal government obligations to the states, tribes and other nations. These obligations result from Congressionally mandated mitigation efforts, Indian and international treaties and ongoing multinational negotiations. It is important, and only fair and equitable, for the federal executive to honor its fisheries obligations by requesting and supporting adequate funding for the National Marine Fisheries Service.

I have attached to my testimony a current detailed listing of our critical federal funding needs for FY 1991.[3] That document also identifies the specific differences between the administration's 1991 requests and the Northwest's fisheries program needs. In consideration of your time, I will summarize our priorities and conclude my remarks.

The state of Washington's most important 1991 NMFS need centers on the Mitchell Act. This act, passed by Congress in 1938, authorized hatcheries and other measures to maintain migratory fish in the Columbia Basin following the degradation and destruction of habitat caused by federal dams as well as deforestation and pollution. Mitchell Act hatcheries on the Columbia River system annually provide a major portion of the salmon and steelhead harvested in sport, tribal, U.S. commercial and international fisheries ranging all the way from California to Alaska. United States Government treaty commitments to Northwest Indian tribes and Canada depend heavily on the fish production from these facilities.

The administration's budget request calls for absolutely no Mitchell Act funding in FY 1991. In reality, a total of $11 million in operating money is needed to maintain these hatcheries at current levels. Funding at the fiscal 1990 level of $9.3 million will force the closure of at least two Mitchell Act hatcheries in Washington, and could have similar impacts in Oregon. An additional $4 million is needed to begin addressing the regional backlog of deferred rehabilitation and equipment purchases that now exceeds $15 million.

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[2] Commercial Fishing and the State of Washington. A Brief Overview of Recent and Future Growth in the Washington Seafood Industry; Natural Resources Consultants, 1988, Page 16. Copy attached as Appendix A. Page 4.

[3] Copy attached as Appendix B. Page 11.

$6.9

Our next priority focuses on North Pacific fisheries/harvest and management issues. These are: a $9.5 million domestic observer program, [illegible] million for an assessment of declining Northern Stellar Sea Lion populations, $2.1 million for Bering Sea pollock research, and $875,000 and $700,000, respectively, for Alaska bycatch and groundfish surveys.

These efforts are essential to the development of scientific information regarding the abundance and condition of fisheries stocks, effective and economically viable harvest management programs, and the conservation and wise stewardship of the fishery and other marine resources of the North Pacific.

A ~~third~~ priority is adequate funding for the Pacific Salmon Commission and ongoing implementation of the U.S./Canada Pacific Salmon Interception Treaty. A total of $7.54 million in NMFS money is needed here. The administration has requested only $4.8 million in Commerce Department funds. Tagging, data collection and analysis must continue if we are to successfully meet international treaty obligations in salmon harvest management. Reduced Pacific salmon funding seriously threatens our ability to effectively manage international salmon fisheries and imperils both Indian and U.S./Canada treaty obligations.

A final priority is high seas drift nets. By combining the impacts of the U.S./ Soviet draft of a new anadromous fish drift net convention initialed here in Washington, D.C. last week, strong drift net language in the Magnuson Act reauthorization now before the Congress, United Nations support and adequate federal funding, we can remove these marine resource killers from the world's oceans in the very near future.

In FY 1991, $7.5 million is needed to carry out an effective drift net program. These funds are needed to conduct observer and monitoring programs and conduct stock and impact assessments.

In closing, I must first emphasize the importance of the fisheries research and management programs of the National Marine Fisheries Service, not just to the state of Washington or the Northwest, but to the entire nation; second, express our continuing dismay and disappointment at the federal executive's ongoing failure to recognize, accept and support the cultural, economic and natural resources values of America's fisheries industry and programs; third, ask that you join in and support our NMFS funding requests and; fourth thank this committee for the opportunity to outline the state of Washington's fisheries values, perspectives and concerns.

I will be pleased to answer any questions or provide whatever additional information the committee requests.

APPENDIX A

4

STATE OF WASHINGTON

CRITICAL FEDERAL FUNDING NEEDS FOR FY 1991

This document outlines an initial priority listing of the Washington Department of Fisheries' federal funding needs for fiscal 1991. Those items identified by asterisks *** represent critical gaps between the funding that is needed and the amounts requested in the President's budget. (Revised March 23, 1990)

NATIONAL MARINE FISHERIES SERVICE

1. MITCHELL ACT***

($11.0 million is needed for operations and an additional $4 million for facilities rehabilitation; the Administration has requested nothing)

The Mitchell Act, passed by Congress in 1938, authorized hatcheries and other measures to maintain migratory fish in the Columbia Basin following the degradation and destruction of habitat caused by dams, deforestation and pollution. Hatcheries on the Columbia River system, funded under the Mitchell Act, annually provide a major portion of the salmon to sport and commercial fisheries from California to Alaska. Treaty commitments with Indian tribes and Canada depend on salmon production from these hatcheries. A total of $11 million is needed to maintain operations.

Funding at the fiscal 1990 level of $9.3 million will force the closure of at least two hatcheries in Washington and may have similar impacts in Oregon. During 1990, operations were maintained by using accumulated carcass sale funds and by deferring maintenance and equipment purchases. In the state of Washington, these options will not be practical in 1991.

Even at the $11 million operations level, the backlog of deferred rehabilitation and equipment purchases exceeds $15.0 million. This figure will continue to grow. An additional $4.0 million is needed to begin addressing rehabilitation needs.

2. DOMESTIC OBSERVER PROGRAM

($9.5 million is needed; the Administration has requested $7.5 million for observer programs that include marine mammals, an additional $2.0 million is required for observers specific to fisheries.)

The mandatory observer program on the foreign fleets has ended. As the domestic fleet has grown and replaced foreign boats an adequate observer program has not been developed. Observers provide critical fisheries information and data that are essential to resource conservation, sound management decisions and efficient industry operations. Recent amendments to the Magnuson Act mandated observers on all domestic vessels. Without the additional $2 million in funding and an effective mechanism to permit industry contributions to the program, it will not be possible to provide adequate observer coverage.

NOTE: Critical funding items 2-6, and 9 relate specifically to North Pacific fisheries management. These fisheries are vital to the state of Washington. Estimates have placed the annual contributions of the North Pacific fishery to the state's economy at $1.8 billion. The North Pacific funds Washington is supporting for FY 1991 will be used by fisheries scientists and managers to: (1) assess the current conditions of fish stocks, environmental factors that impact recruitment and predict future stock abundance; and evaluate migrations, growth and mortality rates, and reproductive patterns; (2) characterize the size and composition of the fishing fleet; assess when, where, how many and by which fishing gear type various stocks could be harvested; and (3) develop and implement North Pacific fisheries management plans and operations that will permit the economic utilization of the fisheries, while providing for long term resource management without overharvesting.

3. BERING SEA POLLOCK RESEARCH***
($2.1 million is needed; the Administration has requested $750,000)

Biological information on the health and abundance of this fisheries resource is critical for sound management. Data on stock structure, life history, population dynamics, and ecosystem interactions all are crucial to the mosaic of information needed to truly understand the effects of fishing and to make competent management decisions. The pollock resource supports a fishery valued at over $200,000,000. Part of the funds will be used to support cooperative research recently negotiated with Japan and the Soviet Union. The information needed will provide the basis to obtain an international agreement to control fishing in the "donut hole" area.

4. ALASKA BYCATCH
($825,000 is needed; the Administration has requested $750,000)

Groundfish fisheries in the eastern Bering Sea and the Gulf of Alaska occur in an area where biological, ecological, and technical interactions are complex. Currently, there is insufficient information available on the nature of these interactions. This program will provide an assessment of biological and fishery interactions using laboratory studies, multispecies modeling, field surveys, and tagging studies. The characterization of the trawl fishery bycatch of halibut is critical. Bycatch of juvenile halibut in the Gulf of Alaska impacts recruitment of halibut to the small but important sport and commercial fisheries off Washington. Reduction of this bycatch is essential as the halibut stock is declining.

5. ALASKA GROUNDFISH SURVEYS
($700,000 is needed; the Administration has requested $700,000)

The Americanization of Fishery Resource Surveys requires the U. S. to replace the lost survey effort previously carried out by the Japanese government. The surveys will provide current information on the status of groundfish stocks in the Gulf of Alaska and the Bering Sea. Resource surveys will provide the background for sensitive negotiations with the Soviets, Japan, China, Poland, and Korea. These resources cannot be properly managed without stock assessment information. The $700,000 will be used for charter and research surveys to replace foreign cooperative research. It will support triennial groundfish and crab surveys, acoustic and midwater trawl assessments, bycatch surveys, crab surveys in the US-USSR transboundary area of the Bering Sea, eastern Gulf of Alaska groundfish surveys, particularly for sablefish, and western and central Gulf of Alaska pollock surveys.

6. PACIFIC SALMON TREATY***
($7.54 million is needed; the Administration has requested $4.8 million)

We recommend NMFS funding of $7.54 million for critical work related to the U.S./ Canada Pacific Salmon Treaty. The U.S. and Canada entered into this treaty on the interception of salmon stocks shared between the two countries in 1985. The treaty is based on the concepts of conservation and equity; protection of a unique and priceless resource; and the equitable sharing of these resources between the two countries. The treaty established a bilateral commission, the Pacific Salmon Commission, to establish fishery regimes in accordance with the principles of the treaty. Tagging, data collection, and analysis must continue to meet international treaty obligations in salmon harvest management. Insufficient NMFS funding for this work reduces our ability to effectively manage the international fisheries and affects Indian treaty obligations and our negotiations with the Canadians.

The total 1991 federal fund requirement for the Pacific Salmon Treaty is $13.838 million. This figure includes $7.54 million from Commerce, $3.672 million from Interior and $2.626 in State Department funds.

7. REGIONAL FISHERY MANAGEMENT COUNCILS***
($8.7 million is needed; the Administration has requested $3.76 million)

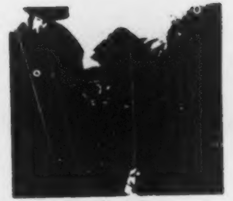
The Magnuson Fishery Conservation and Management Act (MFCMA) established six regional fishery management councils. In recent years, council workloads have increased tremendously as the fisheries have developed. More information must be analyzed; increasing numbers of meetings, public hearings, and workshops occur. Critical long-range planning is needed to develop sound management systems for the fisheries and collect better data.

Unfortunately, early efforts to market pollock in the United States had not been particularly profitable; with an unknown track record, domestic products still played second fiddle to lower-price imported products. Also, the huge Japanese market for pollock surimi (a type of fish protein paste) remained virtually closed to U.S. companies due to import restrictions, even though the Japanese were still taking a majority of the raw material for this market from U.S. waters via directed and joint venture fishing operations.

By early 1986, though, both operating plans and the general outlook for the fleet took a remarkable change for the better. The fleet's production shifted not only to pollock, as previously planned, but also to Greenland turbot and a variety of other semi-processed species which would be sold to the Japanese frozen fish market, known as the "headed and gutted" (H&G) market.

There were several reasons for this shift. First, profits from marketing Alaska pollock fillets had proven illusive. Second, the phase-out of foreign fishing allocations in the Bering Sea and northeast Pacific was creating a supply void in the Japanese market for frozen H&G fish. Moreover, Japanese/U.S. currency exchange rates were in the process of becoming extremely favorable to U.S. exporters.

Pollock production did increase significantly in 1985 and early 1986, but the increase was not as much as had been anticipated. But even as this major shift of production effort occurred, the market for Alaska pollock fillets was undergoing a radical improvement, with prices for pollock fillets virtually doubling between the end of 1985 and the end of 1986. This price increase was due to several factors, but the most important was a temporary shortage of Atlantic cod fillets which occurred at a time when seafood consumption in the U.S. was on the rise.



Just as important, U.S. industry representatives succeeded in developing an accord allowing imports of pollock surimi into Japan in late 1986.

Harvest and Processing Capacity
The harvest capacity of the factory ship fleet has grown over four-fold since 1985, and is now close to one million mt. Processing capacity—representing the volume of products which the fleet can theoretically manufacture from this catch—is approximately 250,000 mt. Evidence suggests that actual catch and production for the fleet as a whole is less than 80 percent of rated capacity.

Capitalized Value Assessing the capitalized value of the new factory ship fleet is complicated by the speed and manner in which it has grown. Many of the vessels in the fleet are former oil supply or cargo vessels which have been converted to fishing vessels. Initially, these vessels were available for low prices, but as interest in the factory ship fleet escalated, the number of suitable vessels was quickly depleted and prices soared by as much as 500 percent. Both the costs to convert these vessels and the costs of new vessel construction have increased by as much as 30 percent.

Estimated Volume and Value of Washington Distant Water Harvest, 1985 and 1988

Fishery	Harvest Volume (000 mt)		Harvest Value (million $'s)		Wholesale Value (million $'s)	
	1985	1988	1985	1988	1985	1988
Salmon	80.3	66.8	106.1	240.0	238.0	525.6
King and Tanner Crab	26.4	51.7	42.2	129.4	54.9	191.5
Longline Halibut and Blackcod	12.1	19.8	20.9	40.7	34.8	63.1
Joint Venture Trawl	720.8	802.8	78.3	120.4	78.3	120.4
Factory Ship	111.6	546.0	24.6	103.7	61.6	334.1
Roe Herring	12.6	5.9	8.5	5.9	18.7	10.8
Total	963.8	1493.0	280.6	640.1	486.3	1245.5

Notes: Estimates are based on preliminary landings and value data from ADFG, NMFS and other sources. Because of lack of consistent data, shore based trawl landings are not included. Dungeness crab landings have been excluded from both 1985 and 1988. These were $2.2 million in 1985 and probably less in 1988. Recent estimates by ADFG on volume and value of salmon landings suggest that NRC estimates could be as much as 5 percent too high, but original estimates were retained because of need for consistency in economic impact estimates.

The MFCMA is currently being considered for reauthorization by the U.S. Congress. A reauthorization bill recently passed the House. The Senate Committee on Commerce and Transportation is expected to begin its consideration of Magnuson Act reauthorization later this year.

8. HIGH SEAS DRIFT NET PROGRAM***
($7.5 million is needed; the Administration has requested $3.3 million)

Recent negotiations involving the governments of the Soviet Union, Japan, Korea, and Taiwan have provided the opportunity to place observers and transponders on vessels engaged in large scale high seas drift netting. The on-board observations along with laboratory work on genetic stock identification and scale studies will provide an understanding of the effects of high seas drift net fishing on many species of fish, birds, and mammals. The $7.5 million is needed for the following specific activities; monitoring and observation program, stock and impact assessments, mitigation studies and program coordination.

9. MARINE MAMMAL POPULATION ASSESSMENT***
($6.9 million is needed; the Administration has requested $3.0 million)

The populations of Northern Stellar Sea Lions have declined over the past several decades. The decline is widespread and is present in both the western and eastern Bering Sea and the Gulf of Alaska. The data suggest that this is a real decline and not a redistribution of populations. The North Pacific Council has asked the Secretary of Commerce to intensify research on the causes of the decline and to determine what actions are required to reverse the decline. The formal classification of these animals as threatened of endangered could have serious resource management and fisheries industry consequences.

10. ANADROMOUS FISH CONSERVATION ACT (DEPT. OF COMMERCE)***
($3.5 million is needed for Commerce Department programs authorized under this act; the Administration has requested nothing)

Grants to states through the Anadromous Fish Conservation Act (PL-89-304) should be restored. This minimal level of funding of anadromous fish grants is essential to continued annual monitoring and research on extremely valuable, but seriously impacted, salmonid, striped bass, sturgeon, American shad and related river herring fisheries. Federal and state conservation and management efforts are basic to restoration and enhancement of these species. (Note: an additional $4.0 million is needed for U.S. Department of the Interior programs authorized under this act.)

11. INTERJURISDICTIONAL FISHERIES ACT***
($5.3 million is needed; the Administration has requested nothing)

State and interstate projects related to coastal groundfish and shellfish funded through this program provide basic fishery and biological data and data processing services. These items are not funded through other sources, but are needed by regional fishery management councils and interstate commissions. Without adequate funding, some key ports and fisheries will not be monitored. With incomplete data, management decisions could result in higher risk to the resources, or be more conservative than necessary to prevent overharvest.

12. PACIFIC FISHERY INFORMATION NETWORK (PACFIN)
($3.0 million is needed; the Administration has requested $2 million)

There can be no really effective management without adequate, timely information. PacFIN provides such information--not only for managers, but for industry to track the catches in statistical areas and better plan their operations. PacFIN is the first regional data network--drawing together data from the fisheries off Alaska, California, Hawaii, Oregon, and Washington, into a central data base accessible to all. The Pacific states alone have contributed over $25 million in data collection and processing for this multi-agency, cooperative effort which includes the Pacific states, the Islands and NOAA.

13. WEST COAST GROUNDFISH RESEARCH
($1.45 million is needed; the Administration has requested $847,000)

The largest fishery on the west coast off California, Oregon, and Washington is the rockfish and whiting fishery. A large industry depends on these stocks. To maintain these groundfish stocks, funds are needed for the Tiburon Laboratory and NOAA Fisheries Northwest and Alaska Fisheries Center for:
--continued research and surveys on rockfish and whiting
--annual estimates of stock abundance and recruitment
--assessment of the sablefish resource
--assessment of the Dover sole resource

14. U. S. FISH & WILDLIFE SERVICE

ANADROMOUS FISH CONSERVATION ACT (DEPT. OF INTERIOR)***
($4.0 million is needed; the Administration has requested nothing)

We recommend funding of the Interior Department's Anadromous Fish Conservation Act program at $4.0 million. This federal/state program [illegible] to continuing restoration of commercial and recreational fisheries that annually contribute hundreds of millions of dollars to the nation's economy. Ongoing programs on the west coast involve interjurisdictional fisheries, including some species suffering stock depletion and requiring interstate restoration efforts. These species include chinook, coho, and steelhead.

15. WALLOP-BEAUX AND DINGELL JOHNSON PROGRAMS

The state of Washington continues to support protection of the integrity of these programs and urges that there be no cap placed on their availability and distribution during federal fiscal 1991.

APPENDIX B

Commercial Fishing and the State of Washington

A Brief Overview of Recent and Future Growth
in the Washington Seafood Industry

1988

NORTHWEST
FISHERIES
ASSOCIATION

Introduction

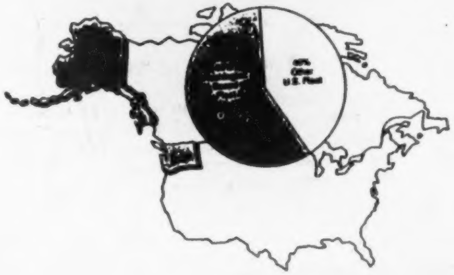
Although it has been fewer than three years since Natural Resources Consultants examined the scope, nature, and regional economic contribution of Washington's commercial fishing industry in *Commercial Fishing and the State of Washington: A Contemporary Economic Overview of Local and Distant Water Fisheries*, the makeup of this industry and economic impacts from its activities have changed markedly.

Commercial Fishing and the State of Washington estimated the harvest of fish and shellfish by Washington's local and distant water fleets was over 2.3 billion pounds in 1985, with a value to fishermen of $400 million. The commodities processed from this catch were valued at over $703 million. The total economic contribution to Washington's economy from fishing and processing activities of Washington fishermen and processing companies was estimated to have been over $1.1 billion, including $776 million of direct and $256 million of indirect benefits.

The study projected that, given the strong growth of the groundfish harvesting and processing segment which was expected to occur, the value of the Washington-based seafood industry's production could reach an annual value in the multi-billion dollar range.

Despite this optimistic outlook, the study did not anticipate the rapidity or the magnitude of the evolution of the industry which has occurred since 1985, an evolution which is quickly thrusting this region's industry into a dominant role in the nation's seafood commerce.

Portion of Edible Seafood Catch from USFCZ Taken by Washington-Based Fleet in 1987



Since 1985, our region's industry has benefitted from the strategic fisheries policy of "full Americanization" being carried out under the 1976 Magnuson Fishery Conservation and Management Act, and from a very favorable trade environment. Whereas the period from 1980 to 1985 saw large-scale changes in the harvesting activities of the Washington fleet, change in the recent period has centered on the development of seafood processing capacity and a stronger presence in domestic and global seafood markets.

The purpose of *Commercial Fishing and the State of Washington, 1988* is to chronicle the changes which have taken place in Washington's seafood industry since 1985 and to discuss the changes which will likely occur over the next several years. As did the 1986 report, it examines the industry's local fisheries and distant water fisheries carried out off the coast of Alaska.

Our research has found that despite declines in harvests of salmon and generally static catches of king crab, total revenues to the distant water fleet increased two-fold between 1985 and 1988. Just as important has been the tremendous growth of the processing and marketing sector.

In *Commercial Fishing and the State of Washington*, NRC observed: "Optimizing returns to state citizens from the growing groundfish business will, to a large extent, depend on the ability to enter in a competitive way into the processing and marketing of the extensive bottomfish resource currently being harvested by Washington fishermen."

Clearly, the region's seafood processing and marketing industry has made great strides in this direction and is poised for even greater gains over the next few years. This is due in part to the growth of the factory trawl fleet whose operations are "vertically integrated," encompassing harvesting, processing, and often marketing.

But it is also due to the expansion of Alaska-based shoreside plant capacity and to growth of processing capacity in Washington in the form of cold storage plants and facilities which process a variety of consumer products. This period of expansion has been one of the most dramatic in our regional industry's history, and one which is propelling Washington companies into a dominant role, not only in the U.S. seafood export trade, but in domestic markets as well.

The focus of this report, therefore, is on the changes which have taken place within the commercial fishing and processing sectors since 1985, the economic implications which these changes have for our region, and the outlook for future growth of the industry.

Local Fisheries

Washington's commercial fishing fleet operates in both local and distant water areas. The area of operations for the local waters fleet consists of the waters of the Pacific Ocean adjacent to the coast of Washington, and the Columbia River, Strait of Juan de Fuca, and greater Puget Sound from the Canadian border southward. Aquaculture and mariculture operations, conducted primarily in Puget Sound and in estuarine areas off the coast, contribute a significant portion to the local waters harvest.

Resources

Washington's local waters fleet depends primarily on five species of Pacific salmon, Dungeness crab, pink shrimp, and a variety of groundfishes for the majority of its revenues. Mariculture and aquaculture operations produce mostly Pacific oysters, hardshell clams, and coho and Atlantic salmon.

Fisheries for salmon, which contribute the bulk of revenues for the local fleet, are influenced by the cyclical abundance of approximately 60 distinct stocks. Currently, many specific salmon fisheries are controlled on the basis of "weak stock management." That is, harvest limits are set to safeguard against over-harvest of the least viable individual stocks. In some cases, particularly in the ocean troll fisheries for coho and chinook salmon and in some net fisheries which take these species, this management regime has put severe constraints on harvest levels. Washington's gillnet and seine salmon fisheries are still highly dependent on sockeye salmon from Canada's Fraser River. These runs are based on a four-year cycle and harvests for the period under consideration have been about average.

Dungeness crab stocks and harvests have historically been unstable, with harvests peaking and declining over periods of about eight years. Harvests for the period in study were close to the 1981-1986 average, but were well under the most recent 16-year average.

Stocks of pink shrimp are also quite cyclical in nature. The harvest in 1985 took a sharp upturn from the preceding several years, which had poor harvests. The 1986 harvest was one of the largest on record, and the 1987 harvest was more than 1.5 times the recent 16-year average.

The harvest of groundfish species which make up the Washington local water catch is comprised of over 35 varieties of flatfishes, rockfishes, cod, and other fishes. Landings of flatfish and rockfish species have been above long-term averages. For the groundfish group as a whole, 1985 and 1986 harvests were slightly better than the recent five-year average, and nearly double the 16-year average. It appears that 1987 groundfish harvests declined considerably.

Local Fleet Composition

Recent Washington Department of Fisheries records show that over 7,000 commercial fishing permits are issued each year. While there are 30 different types of permits issued, many vessels have more than one type of permit, and only a few gear types account for the great majority of harvest. These are purse seine, gillnet, and troll gear for salmon, trawl and longline gear for bottomfish, shrimp trawls, and crab pots.

By eliminating overlaps among gear types, NRC has estimated the number of "unique" vessels using these gear types within local waters to have been 3,882 in 1985, 3,627 in 1986, and 3,525 in 1987. Boats which fish in geoduck, albacore, and miscellaneous other operations may add another 200-250 craft to this number. These estimates include the tribal as well as non-tribal fishing fleets. [1] Five to ten percent of these vessels also fish in the distant water fisheries.

While many salmon purse seiners and gillnetters and some other vessels are identical to vessels used in the distant water fisheries, the local waters fleet is generally composed of smaller, less modern vessels. The capitalized value of the major fleet components probably does not exceed $123 million. Total employment by this fleet is estimated to be approximately 7,000. Another 500-700 fishermen are probably associated with other fleet components and tribal fisheries.

The total of these vessels declined by 357 boats between 1985 and 1987. The decline is due to the withdrawal of approximately 372 salmon troll permits since 1985, permits which under the limited entry system established in the 1970s cannot be reinstated. This is consistent with a long-term trend in this fishery: since 1975 the number of troll permits issued has dropped by over 2,000.

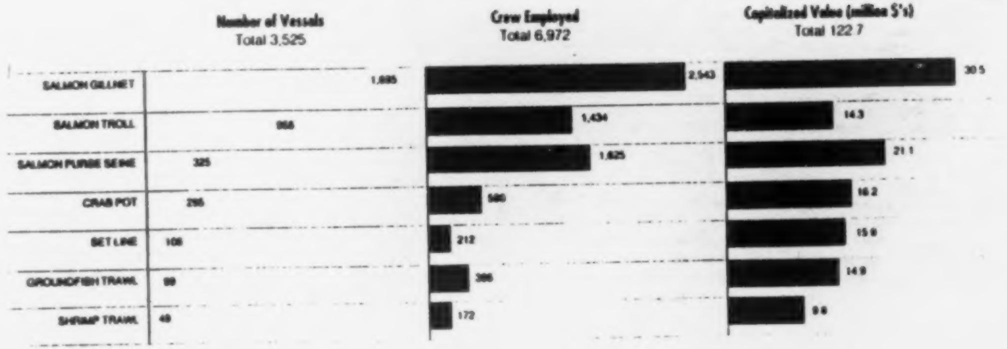
Harvests and Ex-Vessel Revenues

Between 1980 and 1985 commercial fisheries and aquaculture in local waters yielded an [illegible] harvest of approximately 68,000 mt, worth approximately $98 [illegible] the ex-vessel level. In 1985, the value of this harvest ($109.7 million) was approximately 27 percent of the combined local and distant water harvest. The wholesale value of products derived from the local catch was approximately $142 million. An additional $92 million of seafood commodities were processed from fish and shellfish caught outside Washington waters, but landed and processed in Washington.

When only local fisheries are considered, the annual landings have run between approximately 50,000 mt and 60,000 mt. Vessels employing the seven gear types noted harvest over 73 percent of this catch. The total value of the catch from these seven vessel categories was approximately $85 million in 1985, $81 million in 1986, and $108 million in 1987. Reefnet and setnet fisheries for salmon and fisheries for geoduck (harvested by scuba divers), herring, albacore, and miscellaneous species account for another 7,000 mt-11,000 mt, worth $10-$14 million, each year.

The local waters fleet is typified by rather small-scale operations with relatively small earnings per vessel. In the period of study, ex-vessel revenues averaged between $54,000 and $69,000 per boat.

Profile of Washington's Local Waters Fleet in 1987



Salmon gillnet vessels produced the largest share of ex-vessel sales, followed by salmon purse seiners, groundfish trawlers, crab pot vessels, shrimp trawlers, setline (longline) boats, and salmon trollers. On the basis of average earnings per vessel in 1987, shrimp trawlers led all other categories with $178,600, followed by groundfish trawlers with $118,000 and salmon purse seiners with $60,500.

Mariculture and aquaculture operations contribute approximately 11 percent of the harvest volume and 18 percent of the harvest value on a yearly basis. Pacific oyster production still accounts for the majority of value.

Wholesale Revenues from 1985 to 1987

The majority of revenues for many of Washington's 224 processing and wholesaling plants comes from the handling of seafood caught outside Washington. However, the combined wholesale value of commodities processed from the local waters harvest is estimated to have been $231 million in 1985, $241 million in 1986, and $308 million in 1987. It is estimated that in 1987 products from salmon accounted for over 50 percent of the wholesale value, aquaculture and trawl fisheries for 9 percent each, and crab and shrimp fisheries for 8 percent each.

Estimates for 1988

While complete data for estimating the volume and value of the 1988 local waters harvest were not available for this report, the Washington Department of Fisheries did estimate the volume of all landings at approximately 96,000 mt, with a wholesale value of $190 million. NRC has estimated that approximately $137 million of this was generated in local waters fisheries and aquaculture.

Summary of Local Waters Landings

Ex-Vessel Value and Wholesale Value, 1985 - 1987

	1985			1986			1987		
Gear Type	Landings *(metric tons)*	Ex-Vessel Value *$000*	Wholesale Value *$000*	Landings *(metric tons)*	Ex-Vessel Value *$000*	Wholesale Value *$000*	Landings *(metric tons)*	Ex-Vessel Value *$000*	Wholesale Value *$000*
Salmon Gillnet	13,368	30,653	63,758	14,951	32,104	66,776	14,598	46,389	96,490
Salmon Purse Seine	14,800	24,044	50,011	6,538	16,103	33,495	9,073	21,795	45,333
Groundfish Trawl	19,575	10,746	26,864	14,874	8,952	22,380	16,814	11,676	29,191
Crab Pot	2,245	7,226	20,594	2,382	6,883	19,618	3,041	9,085	25,892
Shrimp Trawl	4,173	3,220	9,177	8,208	9,609	27,385	5,953	8,751	24,941
Set Line	2,968	5,090	10,843	2,537	4,630	9,862	3,550	6,282	13,381
Salmon Troll	1,082	3,878	8,066	641	2,417	5,028	804	4,235	8,808
Subtotal	58,211	84,857	189,313	50,131	80,698	184,544	53,833	108,213	244,036
Aquaculture	6,606	16,518	16,518	7,772	25,474	25,474	8,362	27,407	27,407
Other	7,060	10,240	25,601	8,634	12,294	30,735	10,957	14,477	36,192
Total	71,877	111,615	231,432	66,537	118,466	240,753	73,152	150,097	307,635

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[1] Based on the best available data from the Washington Department of Fisheries, NRC estimated the total number of vessels at 5,747 in its 1986 report. Two thousand of these were tribal fishing vessels, many of which are probably skiffs and other small craft. Because of the manner in which it tracks landings, the WDF is uncertain about the exact numbers of tribal vessels which are included in its records. After examining landings records and estimates of the numbers/types of tribal fishing craft prepared by the Northwest Indian Fisheries Commission, NRC is confident that most of the craft not accounted for in the WDF landings file are in the gillnet category, and we estimate that this number is approximately 150. It should be noted, however, that NRC is including only vessels which can be classed as marine "powered drift gillnetters" and not skiffs, etc., which may fish in rivers, or set gillnet boats. The numbers must remain equivocal until a better database is developed.

Distant Water Fisheries

The distant water component of the Washington commercial fishing fleet carries out most of its operations in waters off other states, and generates about 80 percent of the ex-vessel revenues produced by Washington fishermen. Elements of the Washington fleet operate off California and Oregon and in offshore fisheries in the central Pacific. However, nearly 98 percent of the value of the distant water catch comes from fisheries off Alaska. In this report, only those distant water fisheries off Alaska are considered, but for the sake of simplicity they are referred to as "distant water" fisheries.

Area of Operations and Resources

The area of operations for Washington's distant water fleet includes waters within the jurisdiction of the State of Alaska (0-3 miles offshore) and those within the jurisdiction of the United States Department of Commerce (3-200 miles offshore) from the Alaska Panhandle (approximately 54° N latitude) north to the Seward Peninsula (approximately 67° N latitude). This includes the waters in the Gulf of Alaska, the Aleutian Islands, and the eastern Bering Sea.

Because the continental shelf and slope off the Alaska Panhandle extend westward an average of only 25 miles, fishery resources and fishing operations tend to be concentrated closer to shore. Continental shelf area along the southern part of the Alaska peninsula and Aleutian chain is similarly narrow. However, the eastern Bering Sea, northward from the Aleutian chain, eastward to (and including) Bristol Bay, and westward to approximately 178° E longitude, comprises one of the largest areas of continental shelf and slope habitat in the world, and consequently one of the world's richest fishery habitats. While there appear to be significant stocks of some groundfish, notably pollock, in the international waters to the west of this area, U.S. harvesters have so far confined their activities mostly to the waters of the U.S. Fisheries Conservation Zone (FCZ).

The all-nation harvest of fish and shellfish taken from waters off Alaska was slightly over 2.5 million mt in 1988, or roughly two percent of recent world commercial fishery landings. Eighty-seven percent of this harvest was groundfish, ten percent was salmon, and three percent was king and Tanner crab.

Harvests, Stock Status, and Trends in Major Alaska Fishery Resources in 1988

SPECIES GROUP	HARVEST (000 mt)	STATUS OF STOCK	ABUNDANCE TREND
SALMON	240	GOOD	UNKNOWN
KING CRAB	11	POOR	STABLE
OPILIO TANNER CRAB	60	HIGH	STABLE
BAIRDI TANNER CRAB	7	DEPRESSED	STABLE
HERRING	56	HIGH	STABLE
HALIBUT	27	EXCELLENT	STABLE
SABLEFISH	38	GOOD	MODERATE INCREASE
POLLOCK	1348	GOOD	HIGH but DECLINING
PACIFIC COD	229	EXCELLENT	HIGH but DECLINING
YELLOWFIN SOLE	217	EXCELLENT	HIGH but DECLINING
GREENLAND TURBOT	7	FAIR	EXPECT DECLINE
ARROWTOOTH FLOUNDER	<1	EXCELLENT	INCREASING
OTHER FLATFISH	147	GOOD	STABLE
PACIFIC OCEAN PERCH	3	REDUCED	IMPROVING
OTHER ROCKFISH	20	UNKNOWN	UNKNOWN
ATKA MACKEREL	22	FAIR	DECLINING
OTHER GROUNDFISH	25	GOOD	STABLE

Note: Stock status and abundance trends for groundfish species except halibut and sablefish are for the Bering Sea and Aleutian Islands, which account for approximately 90 percent of the harvest. Values are rounded.

The aggregate abundance of groundfish stocks has been quite stable in the FCZ off Alaska. North Pacific crab fisheries, which fell to historic lows in 1980, have rebounded slightly during recent years. Salmon resources off Alaska are characterized by cyclical peaks and troughs in production. Salmon harvests off Alaska have been at or near historic highs for several years. Herring fisheries have remained quite stable over the past several years.

Groundfish Stocks available in the Gulf of Alaska and Bering Sea are expected to yield a harvest of about 2.0 million mt in 1988, with nearly 90 percent of the harvest occurring in the Bering Sea, which is capable of supporting catches up to at least 2.0 million mt. In the Bering Sea, pollock, cod, yellowfin sole, arrowtooth flounder, Greenland turbot, and other flatfishes provide the bulk of catches made by U.S. fishermen. All are thought to have good or excellent status.

In the Gulf of Alaska, pollock, Pacific cod, flounders, sablefish, and rockfish are classified either as being in good condition or as being harvested at or near their maximum sustainable yield (MSY).

The future status of the groundfish resource is not easily predicted. Historical evidence suggests that all species, including Alaska pollock, the most abundant and typically most stable single groundfish population, can be expected to undergo natural fluctuations which will impact long-term yield potentials.

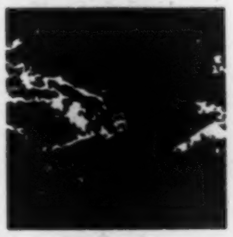
We do not expect Bering Sea catches to fall below 1.7 million mt in the near future, and this level should not affect the amount of fish available to domestic processors over the next three years.

Crabs King crab harvests off the coast of Alaska grew almost uninterruptedly through the 1960s and 1970s, reaching their peak in 1980 when over 81,000 mt were caught. Since then there has been a severe decline in the stocks of king crab. Harvests reached a low of less than 7,780 mt in 1984 before rising to 12,767 mt in 1987. Lower catches resulted from restrictions on harvest quotas and area closures because of low stock abundance.

The important king crab stocks are located in the southeastern Bering Sea and in the western Gulf of Alaska near Kodiak. Red king crab stocks decreased from 1981 through 1985, but the population is now increasing. However, no significant increases in harvests can be expected during the next three years.

Tanner crab landings off the coast of Alaska increased from 1,800 mt in 1965 to a peak of 60,208 mt in 1979. *Bairdi* Tanner crab dominated the catch in the earlier years. Declining *bairdi* stocks in the eastern Bering Sea and Kodiak areas in the early to mid-1980s resulted in restrictive harvest quotas for this species and an increased reliance on *opilio* which represented just over one percent of the total Tanner crab catch in 1978, but increased to almost 90 percent of the 1987 total harvest and an estimated 98 percent in 1988.

Bairdi stocks are depressed in all areas of Alaska, and only slight increases in the harvestable stocks can be expected during the next three years. *Opilio* stocks are at high abundance levels and are expected to remain stable during the next few years.



Herring Pacific herring fisheries occur along the Alaska coast in locations ranging from southeastern Alaska to Norton Sound in the Bering Sea. Fisheries are primarily for roe-bearing fish. Roe herring landings in Alaska increased steadily from 14,150 mt in 1977 to a peak of 50,175 mt in 1985. Landings decreased to 39,650 mt in 1987. Alaska landings in 1988 are expected to be similar to 1987 levels or slightly lower. Herring stocks in Alaska are at relatively high abundance and are expected to remain stable during the next one to three years.

Salmon Alaska commercial salmon harvests have been at historically high levels throughout the past decade, with total landings exceeding 100 million fish in eight of the past ten years.

Since it is dependent upon five species, each with numerous stocks and sub-components, and is spread over a huge geographic area subject to different environmental conditions, the relative strength or outlook for the Alaska salmon fishery is difficult to assess or describe in general. This is true even on a yearly basis. For instance, while the statewide 1987 salmon harvest would have to be considered excellent by historical measures, the total harvest size was achieved because catches in many areas greatly exceeded expectations, offsetting poor returns to the southeastern Alaska pink salmon fisheries. In general, however, it can be said that the major runs of most species are in good condition and that shortfalls in a particular area have frequently been offset by stronger runs in others.

Shrimp The pink shrimp fishery in Alaska, which peaked in 1975 with a harvest of 58,000 mt, has declined steadily and dramatically since then, totaling only 907 mt in 1987. Stocks remain severely depressed, and most areas which have historically had the best production remain closed to promote stock recovery. Surveys indicate little change in stock status over the next one to three years.

Fleet Makeup

The distant water fleet consists of a variety of vessels ranging in size from approximately 30 feet to over 300 feet. Included are salmon trollers, salmon and herring gillnetters, salmon and herring seiners, vessels which do a combination of these activities, crab catchers and catcher/processors, longline vessels, joint venture and shore-based trawlers, factory ships, and tenders and processing barges.

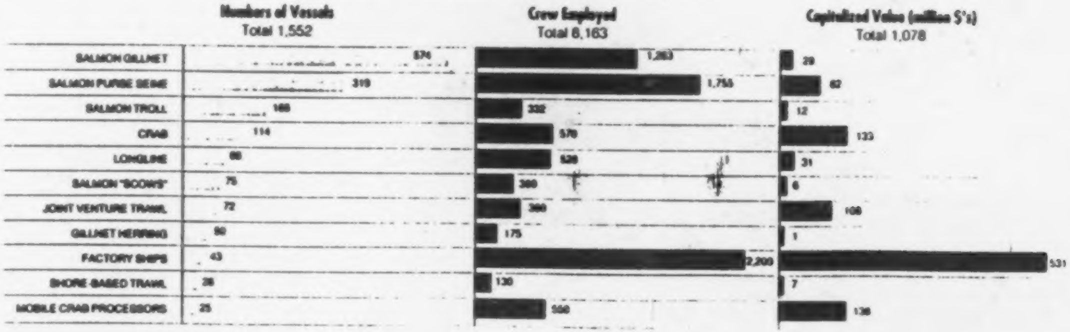
In 1985, the Washington distant water fleet operating off Alaska consisted of approximately 1,318 vessels. Nineteen eighty-six is the most recent year for which reliable "official" data are available, and NRC's estimate of the size of the distant water fleet for that year is 1,539 vessels. In making its estimate of the number of vessels in the distant water fleet in 1988 (1,552), NRC assumed the numbers of salmon, herring, and crab vessels from the 1986 data were the same in 1988 and adjusted other categories according to recent information from industry survey.

Since the total number of vessels which can operate in salmon and herring fisheries is fixed by a limited entry system, change in the numbers of Washington-based vessels in these fisheries is limited to that which may occur through transfer of licenses or changes in residence and has not been significant. Because of the relatively poor harvests and outlook for crab fisheries, numbers of vessels in this category have also been fairly static.

Growth of the longline segment has been substantial, with strong halibut and cod resources and cessation of Japanese fishing on sablefish spurring growth in both catches and numbers of vessels. Comprised mostly of relatively small (30-70-foot) vessels, the longline fleet's groundfish harvest has historically not been very large. However, because these vessels concentrate on high-value species—halibut, sablefish, and some cod—their contribution to value of landings is very significant.

Of particular note in the longline fleet today is a recent trend toward large longline vessels, ranging from 100 to 180 feet in length, which fish throughout the year and process and freeze their catches on board.

Profile of Washington's Distant Water Fleet in 1988



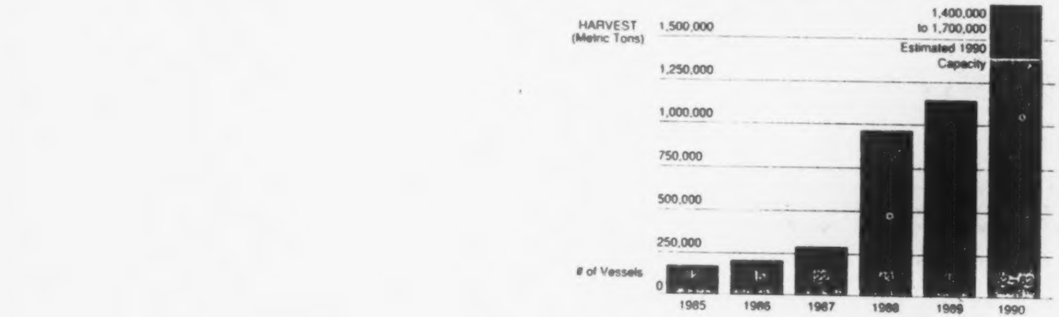
Joint venture (JV) fisheries are those in which U.S.-owned and operated catcher vessels deliver their harvests directly to foreign processing ships. Joint venture fisheries began off the Pacific Coast and Alaska in 1978. Growth of these fisheries was extremely rapid, with catch volumes doubling every year between 1978 and 1984.

Joint ventures have involved companies from the Soviet Union, Japan, Poland, Republic of Korea, Germany, Spain, Portugal, and Taiwan. The U.S.-U.S.S.R. joint ventures were unique in that they were one of the first post-WWII business ventures in which a joint Soviet-U.S. company was formed to carry out operations.

The peak of joint venture fisheries off Alaska occurred in 1987 when 18 U.S. JV companies employed 121 catcher vessels and delivered 1.37 million mt of groundfish to foreign processors. Nineteen eighty-eight marked the first year of what will inevitably be the decline and phase-out of joint venture fisheries. After nine years of uninterrupted growth, catches declined to 1.21 million mt. An estimated 129 catcher boats participated, 72 of which were based in Washington.

The decline in joint venture catches was, of course, a direct result of the increased demand for resources by U.S.-owned factory ship and shore-based groundfish operations. In keeping with the priority aspects of the Magnuson Fishery Conservation and Management Act (MFCMA), joint venture operations, which catalyzed U.S. development in the groundfish industry, are being phased out. At this point, it is not clear what all the options may be for this fleet. Some vessels are already being employed as catcher boats by factory ships and shore plants, and undoubtedly many more will be in the next year or two.

Estimated Harvest Capacity for Washington-Based Factory Trawl and Mothership Groundfish Fleet



Factory Trawl and Mothership Fleet

The most spectacular growth story has been that of the factory trawl and mothership groundfish fleet.

Non-existent before this decade, Washington's factory trawl and mothership fleet has experienced truly dramatic growth, especially over the past two years. (Factory trawlers both catch and process fish at sea; motherships process fish delivered by smaller catcher vessels.)

The first factory trawler began operations in 1980. By the end of 1985, the fleet numbered 11 vessels which harvested about 113,000 mt of groundfish and processed commodities worth $60 million at the wholesale level. The fleet had a total crew complement of 330 and an estimated capitalized value of $77 million.

In *Commercial Fishing and the State of Washington*, NRC predicted "fleet size should double to 24 by 1990." Few, if any, individuals anticipated the rapidity with which the fleet would actually grow. But by mid-1987, when 11 more vessels had joined the fleet, it was obvious that this projection was too conservative.

By the end of 1988, the active fleet numbered 43 vessels, was employing approximately 1,120 crewmen, and had an estimated capitalized value of $454-$608 million. Its harvest of groundfish had grown to approximately 546,000 mt (NRC estimate), and the value of commodities processed to over $330 million.

Factors for Change As early as 1984, it was readily apparent that the stocks of cod which had so far sustained the growth of the factory ship fleet would not be an adequate basis for further growth. Catch rates indicated that filleting operations on Pacific cod were profitable for only three to four months of the year. In 1984, the growing number of vessels and the static catch level of Pacific cod had forced factory trawlers to begin processing pollock. Cod were not present in concentrations sufficient to sustain year-round operations for all the vessels.

Finally, the true value of any capital asset in the fishing industry is directly dependent on that asset's ability to produce a return on investment, which is, in turn, dependent on a mix of resource and market variables.

Taking these factors into account, NRC has made a rough estimate of the capitalized value of the factory trawler and mothership fleet in place in 1986 and 1987 and the fleet as it is expected to be in 1988, 1989, and 1990. The total capitalized value for 1986 is estimated to have been in the range of $115-$160 million, while in 1987 it ranged from $171 to $239 million. In 1988, the makeup of the fleet began to change significantly, with more large fillet and surimi processors entering the fleet. Most of the additions in 1989 and 1990 will be of this larger variety. Consequently, the capitalized value has increased and will increase markedly, from $454-$608 million in 1988 to perhaps $579-$768 million by 1990.

Employment Because factory trawlers process the fish they harvest (motherships by definition do not harvest, but do process), their labor requirement is significantly greater than vessels in other fleets.

Vessels which process the higher-value groundfish products for the Japanese H&G market are typically from 130 to 200 feet long and employ from fewer than 20 persons to as many as 30. Vessels of 200-250 feet which process pollock and cod into fillets or fillet blocks require 35 to 75 persons. Vessels which process pollock into surimi or surimi and fillets may run from 250 to 350 feet and employ from 50 to 80 crew members.

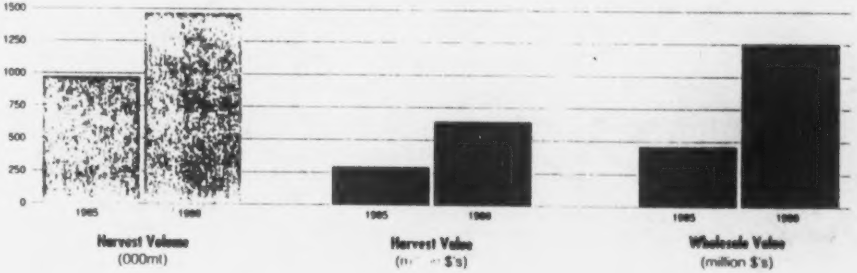
Since factory ships operate 24 hours a day while they are on the fishing grounds and (apart from maintenance periods) operate on a year-round basis, captains, mates, and fishing and processing crews are rotated throughout the year. Typically there are three to four crew changes per year.

Total employment on these vessels was in the range of 330 crew positions in 1985. The fleet in place at the end of 1988 required approximately 2,200 - 2,500 crew members. In addition to the vessel complement, factory ship companies typically employ vessel managers, clerical staff, accountants, and in many cases marketing personnel to carry out operations.

Aggregate Harvest and Revenues

Preliminary data suggest the total volume of Alaska salmon harvested by all gear types in Washington's distant water fleet in 1988 was 66,796 mt. NRC has estimated this catch was valued at approximately $240 million at the ex-vessel level. This compares to an estimated harvest of just over 80,000 mt, valued at $106 million, in 1985. The large increase in ex-vessel value, in concert with a diminished catch, is due to two factors. First, a larger portion of the catch in 1988 was of higher-value species, and second, wholesale and ex-vessel prices were considerably higher because of relatively short supplies in the Japanese market and the favorable exchange rate.

Comparison of Volume and Value of Washington Distant Water Harvest in 1985 and 1988



Longliners in the Washington distant water fleet are estimated to have harvested 13,500 mt of sablefish, worth $18.7 million, and 6,275 mt of halibut, worth approximately $22.0 million, in 1988. This compares with 1985 landings of 6,850 mt of halibut, valued at $14 million, and 5,171 mt of sablefish, valued at approximately $7.0 million, in 1985. Longliners have benefitted from a strong domestic market for halibut. Phase-out of Japanese fisheries for sablefish in U.S. waters, a strong market for this product in Japan, and a favorable exchange rate have resulted in increased fishing and catches of sablefish.

NRC's estimate for the distant water fleet's harvest of king crab in 1988 is 3,879 mt, worth $32.1 million. Tanner crab landings are estimated to reach 46,815 mt, valued at approximately $97.3 million. This compares with estimated 1985 harvests of 3,220 mt of king crab, valued at $19.4 million, and 23,178 mt of Tanner crab, valued at $22.8 million. An estimated 90 percent of the Tanner harvest is of the smaller, lower-value *opilio* Tanner crab.

Landings of roe herring by Washington's distant water fleet are estimated to have been approximately 5,866 mt, valued at $4.9 million, in 1988, compared to 1985 landings of 12,600 mt, valued at $8.5 million.

In 1988, the Washington-based joint venture fleet delivered approximately 802,832 mt of groundfish, valued at approximately $120.4 million. This compares to 1985 distant water fleet landings off Alaska of 721,000 mt, worth $78.3 million.

In 1985, Washington-based factory ships harvested an estimated 105,000 mt of groundfish—mostly cod and pollock. In 1986, the factory ship harvest was approximately 113,000 mt, and in 1987 the harvest reached approximately 298,000 mt. The estimated harvest for 1988 is 546,000 mt.

Ex-vessel values for the factory ship harvest can be calculated by using values for the fish harvested which are comparable to what a non-processing vessel would receive for the unprocessed fish. But it is important to note that all sales from factory ships are of processed product, and ex-vessel values are therefore hypothetical. Based on data compiled by the North Pacific Fishery Management Council, the ex-vessel value of whole fish landings for the factory ship fleet could be calculated at $39.5 million in 1985 and $104 million in 1988.

More important, the wholesale value of factory ship products has increased from approximately $61 million in 1985 to an estimated $334 million in 1988. In 1985, estimated revenues were based on production of approximately 25,000 mt of finished products, mostly cod and pollock fillets. In 1988, an estimated 139,000 mt of products were produced. Approximately 30 percent of this was surimi, 30 - 35 percent fillet and fillet blocks, and 35 - 40 percent H&G products. Clearly, factory ships have benefitted from an improved market situation. While the mix of products being manufactured is not comparable, the average price per mt received has increased by approximately 52 percent.

One fleet element which has been omitted is the Washington-based catcher-trawler fleet delivering to Alaska shoreside plants. Because of inconsistencies in reporting methods, no reliable data on landings of Washington-based vessels are available. However, a marked increase in shore plant processing of groundfish has required a substantial increase in shore-based trawl production in Alaska. We estimate Washington vessels involved in these fisheries delivered at least 100,000 mt of groundfish, valued at over $20 million in 1988.

In total, Washington's distant water fleet fishing off Alaska harvested over 1.4 million mt of fish and shellfish in 1988. This catch had an ex-vessel value of approximately $639 million, or 125 percent more than the 1985 value. The wholesale value of products made from this catch was at least $1.2 billion, or three times the wholesale value in 1985.

The Washington-based fleet is garnering an ever-increasing share of our nation's $3.5 billion seafood harvest. Associated developments in the processing and marketing sectors, where the national value of sales exceeds $14 billion, could provide more economic benefits to the industry and region.

Consequently, a comprehensive treatment of this region's seafood industry and its evolution must look at the major changes which are taking place within the processing and marketing sectors and also at the impacts which increased harvesting and processing activities have on the many support industries the commercial fishing industry depends on, such as ship repair and maintenance.

The Processing and Marketing Industry

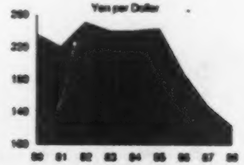
There are approximately 129 plants processing seafood in Washington, employing an average of 3,167 workers throughout the year. Perhaps 25-30 of the plants are associated with oyster production. In addition to processing plants, there are approximately 95 wholesale plants (this number includes cold storages which handle seafood), employing an average of 348 persons. Seafood companies based in Washington own and operate over 120 shore-based or at-sea processing facilities based in Alaska which employ approximately 8,000 people seasonally.

Processing of seafood products by Washington companies is of three general types: primary processing, such as cleaning, freezing, filleting, and steaking of products for the wholesale market; reprocessing, portioning, and packaging for the food-service and retail markets; and secondary processing, such as the manufacture of imitation crab, consumer products like frozen fish portions, or canned salmon.

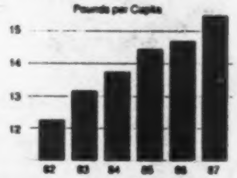
The estimated wholesale value of products from the catch of Washington fleets fishing locally and off Alaska was $393 million in 1985, with 72 percent of this coming from the Alaska catch. In 1988, the value of wholesale products is estimated to have been over $1.2 billion, with 75 percent coming from the Alaska component. In addition to revenues from the processing of this catch, Washington-based companies process and market a majority of the catch harvested by the Alaska-based fleet. In 1985, sales from this component were estimated at approximately $530 million; in 1988, at over $800 million.

Trade Factors

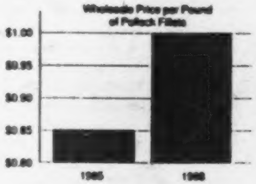
Several important trade factors have contributed to the current strong growth trend:



Exchange Rates The benefits of the devaluation of the U.S. dollar against the Japanese yen have been felt in almost every sector of the Washington fishing industry. It is this factor which has contributed most to the increased value of seafood exports through Washington ports. In the case of the emerging groundfish industry, whose surimi and H&G markets are concentrated in Japan, profitability can be extremely sensitive to changes in exchange rates.

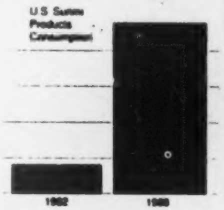


Increased Seafood Use The 25 percent increase in U.S. per capita consumption of seafood between 1982 and 1987 has contributed to the growth of Washington's groundfish industry by providing generally stronger markets for commodities and by creating a more favorable atmosphere in the investment sector. Observers are encouraged by the fact that this increase has occurred in concert with significant real (inflation-adjusted) price increases in seafood commodities.



Declines in the Harvest of Atlantic Cod Pacific cod and Alaska pollock processed as fillets compete with fillets from Atlantic cod, which dominate the U.S. market. Harvests of Atlantic cod have declined in recent years, a factor which has tended to improve ex-vessel and wholesale prices for Alaska cod and pollock.

Lifting of Japanese Import Restrictions The Japanese market for surimi comprises one of, if not the single most important market for the Washington factory ship fleet and shore-based groundfish processors. Until 1987, Japanese markets for surimi were essentially closed to potential exporters through a tightly controlled system of import quotas. In late 1986, U.S. industry representatives succeeded in developing an accord allowing imports of surimi into Japan. While the amounts were relatively small to begin with, the protocol was set for quantities to increase as U.S. production grew.



Growth of the U.S. Surimi Products Market While U.S. sales of surimi products are only one-tenth those in Japan, the domestic market has played a key role in the development of the surimi-processing fleet by supplying a ready secondary market for U.S. producers. Unknown before the 1980s, surimi products have been one of the fastest growing categories of seafood in the U.S. market, with sales of finished products amounting to $200 million annually and requiring nearly 30,000 mt of Alaska pollock surimi.

Industry Development

As in 1985, Washington leads all other states in value of exports of seafood. Both the volume and value of these shipments have increased since then. In 1988, nearly 125,000 mt of seafood products, valued at over $752 million, were exported through Washington ports, a substantial increase over 1985's 97,000 mt of products which were valued at $383 million.

Japan, of course, remains the Washington industry's largest customer, importing approximately two-thirds (on a value basis) of Washington's seafood exports. Japan is followed by Canada and the United Kingdom, with 12 percent and 8 percent of value, respectively. Frozen salmon products, notably sockeye, chum, and pink, lead the list of export commodities in 1988, accounting for 42 percent of value. Sablefish accounted for 6 percent of the value of exports and salmon roe 5 percent.

Export markets, principally Japan, are still the most important for the Washington industry. But the U.S. market, which depends on imports to meet over 50 percent of its demand, is increasingly the "market of the future" for Washington seafood companies.

Historically, much of the demand for consumer products in the U.S. has been met by companies based on the Eastern Seaboard and in the Gulf States; Massachusetts, Florida, and Louisiana lead all other states in processing for the domestic consumer market. Much of this processing utilizes commodities imported from Canada, Mexico, and a number of other countries.

Washington and Alaska seafood companies, with access to two-thirds of our nation's edible seafood resources, are increasingly finding themselves in a key strategic position in the nation's seafood trade.

Exploiting this position has come about in several ways. One of the first and most successful has been the construction of eight ultra-modern plants in Washington for processing imitation crab and other products made from pollock surimi. Serviced primarily by imports as recently as three years ago, the U.S. market is supplied primarily by U.S. products, the majority of which are manufactured in Washington.

Another key development has been the marketing of "frozen-at-sea" whitefish products, such as Alaska cod and pollock. With the ability to process and freeze these items within a few hours of the time they are caught, factory ship companies have been able to achieve a strategic advantage in marketing to U.S. consumers by emphasizing the high quality of their products. This, in part, has contributed to much better prices received for Alaska groundfish products.

Industry Services

An estimated 600-700 local companies, ranging from business accountants to bait suppliers, specialize in serving the Washington commercial fishing industry. The contribution that these companies' activities make to the regional economy is covered more thoroughly later in this report. This section points out the growing demand that the new factory ship fleet will place on regional services and infrastructure.

Moorage Moorage is a good place to start. In 1985, the 11 vessels in the factory ship fleet comprised an aggregate of 2,380 linear feet. Total length of the factory ship fleet in place at the end of 1990 is expected to be nearly 12,000 feet. This compares to an aggregate length of the "traditional fleet" in place in 1988 of approximately 36,000 feet. While the Seattle area has so far been the port of choice for most of the new fleet, a shortage of suitable moorage facilities is increasing the strategic importance of ports such as Tacoma, Anacortes, Bellingham, and Grays Harbor.

Most of the demand for moorage of this fleet is associated with scheduled maintenance trips to Washington. At this time, the great majority of production is off-loaded in Alaska, but shipyard and other services there are not competitive with those in Washington. Most factory ships spend from three to six weeks in port during their scheduled maintenance turnaround.

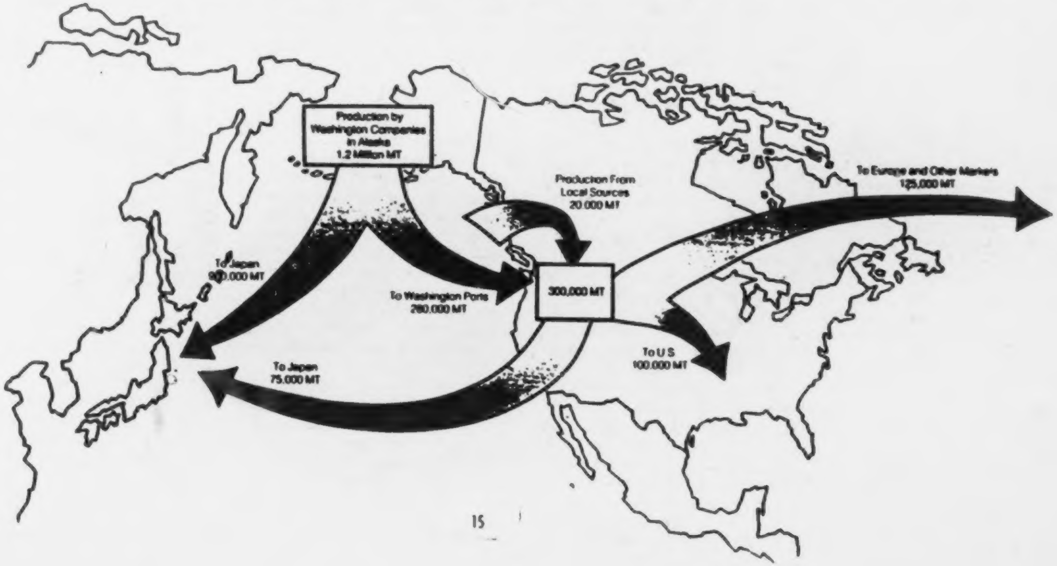
The fact that these vessels operate year round tends to spread the demand for moorage and shipyard services over a greater number of months than more seasonally oriented fleets, such as the salmon or crab fleet. However, there will be peak demand times, such as during April, May and June, when as much as 40-60 percent of the fleet (in terms of length) could require moorage and shipyard services.

Demand for shipyard and other maintenance services and materials has also increased with the growth of the factory ship fleet. It is estimated that expenditures for maintenance of the factory ship fleet were $33 million in 1988. Expenditures by all other fleet components in Washington are estimated at $81 million. These expenditures help sustain a wide variety of local manufacturing, wholesaling, and service companies, including shipyards, engine repair, rebuilding and sales, refrigeration and freezing equipment installation, marine surveyors and brokers, accountants, attorneys, and over 200 marine equipment and supply companies.

Cold Storage and Processing Facilities There are over 29 million cu. feet of public cold storage space in the greater Puget Sound region, and handling and storage of seafood products comprise a major share of business for these companies, as well as private cold storages. In 1985, an estimated 234,000 mt of frozen seafood products from Alaska fisheries were shipped to Washington ports, en route to both domestic and export markets. The majority of these products is handled by cold storages. About one-fourth of this trade was groundfish products.

NRC estimates the total amount of domestically produced seafood handled by Washington cold storage and warehouse facilities in 1988 exceeded 300,000 mt. This included approximately 280,000 mt of salmon (both canned and frozen), shellfish, and groundfish from Alaska fisheries which flowed through Washington ports in 1988, nearly a 20 percent increase from 1985. Over 40 percent of this volume was groundfish products, compared to approximately 20 percent in 1985. While the majority of groundfish products processed by the factory

Approximate Trade Flow of Seafood Produced by Washington Companies
Includes joint venture pollock. Amounts are approximate, based on partial 1988 data.

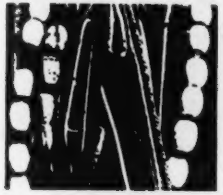

Production by Washington Companies in Alaska 1.2 Million MT
To Japan 900,000 MT
To Washington Ports 280,000 MT
Production From Local Sources 20,000 MT
300,000 MT
To Europe and Other Markets 125,000 MT
To U.S. 100,000 MT
To Japan 75,000 MT

trawl and shore-based industries is still exported directly to Japan, the amounts shipped to Washington ports have increased and will increase dramatically. We expect the amount of Alaska groundfish products which will be shipped to Washington ports to increase by approximately 67 percent between 1988 and 1990, reaching over 200,000 mt.

Economic Impacts

The total economic contribution from Washington's commercial fishing industry includes both the direct value of fishing and processing activities carried on by Washington fishermen and processors (ex-vessel and ex-processor revenues) and the additional production induced by the re-spending of the incomes earned by Washingtonians in both industry sectors:

The concept of induced economic benefits is often confusing. In essence, induced benefits occur when one industry sector purchases goods and services from another industry sector. In the case of the commercial fishing industry, these might be purchases by the vessel owner of equipment, food, fuel, or labor (crew share). Re-spending of income by the crew also creates induced benefits.



Calculating the induced benefits involves applying different "multipliers" to the economic values generated by each industry segment. The multiplier is a numerical factor which attempts to account for the effects of re-spending proceeds of sales, adjusted to account for "economic leakage." For instance, of the $100,000 in ex-vessel sales earned by a halibut longliner, a certain amount will be spent on fuel and vessel and gear maintenance, a certain amount will pay the crew, and a part will be left for the owner.

Of the direct expenditures on gear, etc., only a certain percentage goes to Washington firms. (For the Japanese-manufactured radar unit, for instance, one percentage; for the Washington-manufactured deck winch, another percentage.) The rest of the economic value will "leak out" to sellers in other states or countries. The same scenario applies to the re-spending of crew incomes, the skippers' "take home pay," and the earnings of processing/marketing companies and their employees.

These multipliers may express the induced benefit in terms of dollars or employment. We have shown both in this report. The important point to keep in mind in the case of the employment figures is that they do not represent the numbers of people employed by the commercial fishing and/or processing industry, but the total employment which results from the spending and re-spending of revenues generated.

1985 and 1988 Benefits NRC's 1986 study estimated the direct economic benefits from the commercial fishing and processing industry which accrued to Washington in 1985 at $775 5 million, and the direct and indirect benefits at $1.1 billion. As noted in that report, the estimates were probably conservative, since the multipliers employed were somewhat outdated and tended to understate impacts. In estimating impacts for 1988, updated multipliers were used. Total direct and indirect economic impacts were thus calculated at $3.1 billion, an increase of 181 percent. Even applying the more conservative multipliers used in the 1986 study shows an increase of approximately 100 percent ($2.35 billion). Local waters fishing and aquaculture activities

Total Economic Contribution of the Washington State Commercial Fishing Industry in 1988

(Millions of Dollars to Washington Economy)

	Direct	Indirect
Locally Landed		
Landed Value	$137	$269
Value Added by Processing	171	320
Subtotal	$308	$589
Distant Water		
Landed Value	$639	$1,257
Value Added by Processing	288	537
Subtotal	$927	$1,794
Non-State Landings		
Washington Share of Value Added	$405	$756
Total	**$1,640**	**$3,139**

and the processing of this harvest accounted for approximately 19 percent of this impact, distant water fisheries and the processing of the catch for approximately 57 percent, and other processing activities by Washington companies for approximately 24 percent.

Economic activity associated with the Washington seafood industry generates an estimated 36,608 full-time jobs. Activities of the distant water fishing fleet and the out-of-state processing industry are responsible for the majority of this labor, with a total of 39 percent and 40 percent, respectively.

As part of the study, NRC also carried out a detailed economic analysis of distant water fleet impacts on the state. The findings showed that in 1988, induced benefits (economic output) totaled $795 million.[1] Not surprisingly, impacts accruing from activities of the zfactory ship fleet surpassed those of all other fleet segments, including salmon. Total output for this segment is estimated to have been in excess of $290 million, generating over 5,200 jobs. Salmon fishing activities were second, with an output of approximately $222 million.

The economic model used divided the affected industry sectors into 30 categories, distinguishing, for instance, between goods and services purchased and wholesale and manufacturing activities for various categories of goods. Crew wages accounted for the largest share of impacts by the distant water fleet (39 percent), followed by maintenance services (15 percent), and sales and manufacturing of machinery and equipment (7 percent).

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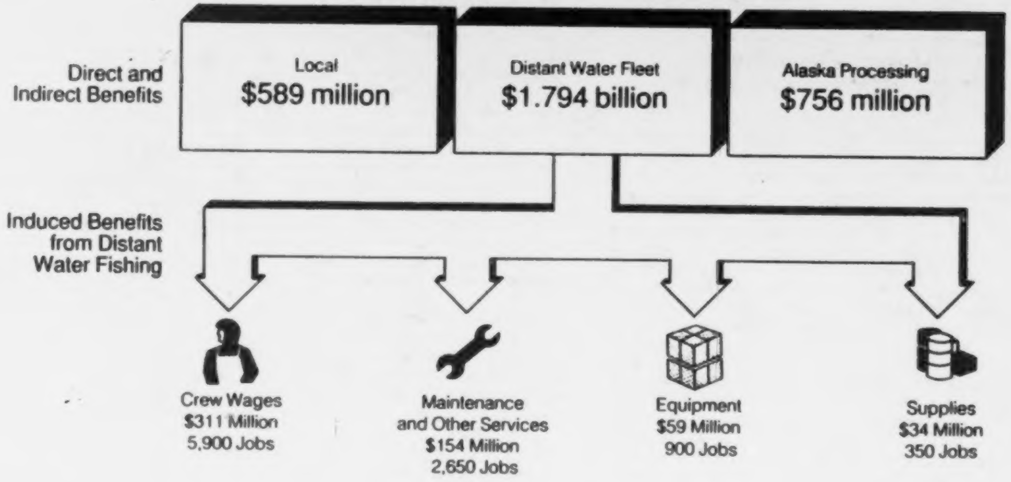
[1] Because of a different methodological approach, total impact from distant water fishing activities cannot be compared directly with impacts for the industry in total. In the former case, value of landings is included as an impact, in the latter, only the effects of spending and re-spending of monies used to purchase inputs (goods and services) for the fleet are considered

Economic Impact of Washington's Commercial Fishing and Processing Industry on Washington Economy in 1988


Direct and Indirect Benefits
Local
$589 million
Distant Water Fleet
$1.794 billion
Alaska Processing
$756 million
Induced Benefits from Distant Water Fishing
Crew Wages
$311 Million
5,900 Jobs
Maintenance and Other Services
$154 Million
2,650 Jobs
Equipment
$59 Million
900 Jobs
Supplies
$34 Million
350 Jobs

The recent development of Washington's seafood industry must be recognized as one of the great success stories in United States fisheries. Continued vigilance in managing stocks, combined with fortuitous resource and market conditions, have improved profitability in most sectors of the salmon industry. While king crab harvests remain poor, diversification of the crab fleet into *opilio* Tanner crab fisheries and improved markets for king and Tanner crab have helped to maintain revenues to the fleet and processors.

Most important, within this decade, U.S. fishermen and entrepreneurs have marshalled a fleet capable of harvesting the entire available groundfish resource in the Bering Sea and most of the resource potential in the Gulf of Alaska. As a result, the Washington-based commercial fishing fleet currently harvests more foodfish than all other states combined.

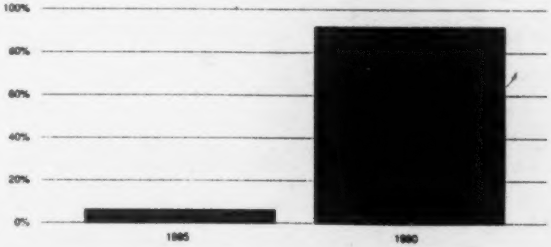
Yet the most impressive gains of the past three years have been in the groundfish processing sector, as a result both of the factory ship fleet and of new shore plants for processing surimi and other whitefish products. Within the next two years, the factory ship fleet and shore-based plants will be processing and marketing virtually all of the yield potential of the region, producing commodities with a combined wholesale value of about $1 billion.

Future industry growth will almost certainly stress processing, particularly the more sophisticated, more diverse, value-added processing for consumer markets. As noted earlier, other countries, particularly Japan, have provided ready markets for most of the increased groundfish production. However, the growing demand for seafood in the United States and the desirability of diversifying markets will create a new emphasis on products for the U.S. market. Whitefish products, such as fish sticks and portions, fillets, and imitation crab, comprise one of the most important segments of the consumer market. Currently, the demand for whitefish commodities which go into the manufacture of these items is over 425,000 mt annually. Traditionally, much of the supply of these products has come from Atlantic fisheries (notably from Canadian and European imports) and much of the processing has been carried out on the Eastern Seaboard. With shortages of key Atlantic species, particularly cod, a distinct possibility in the near future, there is increased interest in investment in the secondary processing industry in the Pacific Northwest.

Increasing and diversifying processing capability requires growth of the seafood marketing infrastructure, and NRC sees development of this segment as pivotal to the success of the industry. With a history of marketing mostly high-value products, such as salmon and crab, particularly, as exports, Washington's seafood marketing companies find themselves on somewhat new ground in expanding domestic markets for the typically lower-value whitefish products which will make up an increasing share of companies' sales. While the long-range demand forecast appears good to excellent, serving the market and making a profit will provide a new challenge.

U.S. Utilization of Alaska Groundfish

Portion of total allowable catch (TAC) caught and processed by U.S. companies (DAP)



NRC expects growth in capitalization of the factory ship fleet to slow during 1989 and beyond, but substantial growth is still very likely. Prior to the recent decision by the North Pacific Fishery Management Council to attempt implementation of a limited entry program for groundfish vessels, we anticipated the factory ship fleet would number 60-65 vessels by the end of 1990. Whether the limited entry proposal being developed will speed or slow construction of new vessels is unclear at this point. However, given the substantial growth in shore-based capacity which will also take place, the harvest sector may well be over capitalized by 1991.

Given the tremendous growth of the fleet in 1988, when 21 vessels were added, and the growth expected over the next several years, demand for additional moorage and vessel services is virtually assured. While ports within Washington are still preferred by most companies for carrying out maintenance, communities within Alaska would naturally like to capture as much of this business as possible and are developing strategies to do so. Timely development of better infrastructure to support the growth of Washington's distant water fishing industry, especially in the form of increased moorage and dockside services, is therefore essential if Washington is to maintain its competitive advantage as the base of operations for the groundfish industry.

Meeting the needs of this growing industry will not be without its challenges, but the economic rewards to the region will almost certainly be substantial. Conservative estimates of the economic impact which could be generated by the distant water fleet in 1990 show an increase of nearly $100 million to $200 million over 1988. When the direct and indirect benefits of all industry segments are combined, it would not be unreasonable to expect that the Washington seafood industry will produce benefits to the region approaching or exceeding $4 billion and 40,000 jobs by 1990. Further growth in Washington's secondary seafood processing industry could push these estimates even higher.

During the 1990s, most fish stocks targeted by Washington fishermen in the U.S. FCZ will be fully utilized, and future growth or decreases in harvest will be resource-limited. Hence, the quality of resource management will become increasingly important to the future health of the state's seafood industry.

Washington fishermen's major problems in the coming decade are likely to be associated with fishery management conflicts among competing gear types and resource allocation issues between fishing groups and other users of ocean space. In view of this, we must reiterate our concern expressed in 1986 that our state managers carefully evaluate and differentiate between conservation issues and those concerned with conveying socio-economic benefits to one group or region versus another.

Resource allocation will become both the dominant management strategy and the dominant problem of the 1990s, and fishery managers must ensure that the criteria and procedures used in the process are fully understood and lead to equitable solutions. Failure of managers to recognize the importance of clearly identified procedures and criteria to deal with allocation issues will lead to politically orchestrated chaos which will promote instability within the industry and result in substantial economic losses to the state.

Mr. **Early**. I want to thank you, Mr. McCraney. Your last paragraph you included the entire Nation, you know? I mean, that first paragraph talks about the Reagan and the Bush Administration cuts, and now it's the fisheries programs of the Pacific Northwest. It isn't like they included the Northeast. [Laughter.]

Mr. **McCraney**. We are very well aware of that. In our detailed statement, we have support for the Regional Councils in the Northwest and the Magnuson Act and the whole range of American fisheries programs. It is a big, significant, international, American business, and it is the way a lot of our people get quality food.

Mr. **Early**. There is no question in your statement about how important it is for the whole country. Once again, it is the Northwest piggybacking on the Northeast. That is how the money got in there.

Mr. **McCraney**. We appreciate that very much, Mr. Chairman. [Laughter.]

Mr. **Early**. Thank you for your statement.

THURSDAY, MARCH 29, 1990.

NOAA, NATIONAL MARINE FISHERIES SERVICE

WITNESS

IRWIN M. ALPERIN, OF NEW YORK, EXECUTIVE DIRECTOR, ATLANTIC STATES MARINE FISHERIES COMMISSION

Mr. **Early**. Next we will hear from Mr. Irwin Alperin from the Atlantic States Marine Fisheries Commission.

Mr. **Alperin**. Mr. Chairman, we are getting into the realm of the Northeast, the Atlantic States Marine Fisheries.

Mr. **Early**. Getting closer.

Mr. **Alperin**. It started there.

I am Irwin Alperin, executive director of the Atlantic States Marine Fisheries Commission. I am here today, Mr. Chairman, on behalf of the Atlantic States, Gulf States, and Pacific Marine Fisheries Commissions, and we thank you for this opportunity to appear to comment on the fiscal year 1991 National Marine Fisheries Service budget.

Our commissions represent 24 coastal States. We were established by Congress to better utilize the Nation's marine fin fish, shellfish, and anadromous fishery resources. The commissions have been in existence since the early 1940's. In fact, the Atlantic States Marine Fisheries Commission will have its 50th anniversary next year. During that time, we have witnessed a lot that has happened in the fishing industry.

We believe the highest priority use of National Marine Fisheries Service funds should be cooperative State-Federal programs for management of interjurisdictional fisheries. This includes not only fisheries management plan development and modification, but also fishery monitoring, data collection and analysis, research and development, enforcement, habitat protection.

We are pleased to see this year that the Administration requested a 55 percent larger budget than the last nine years when the administration budgets for the National Marine Fisheries Service were at least 40 percent reduced. And we commend you, this Committee, for restoring those funds. Otherwise, the National Marine Fisheries Service wouldn't be functional.

Maintaining the renewable ocean resources which support tremendously valuable recreational and commercial fisheries requires an adequately funded Federal program that will complement the enormous and stable investments being made by our coastal States.

The Interstate Commissions believe that the following additions to current levels of funding are the minimum needed for properly sustaining and managing marine fishery resources. Our recommendations reflect an expectation of: a continued Federal role and financial responsibility in day-to-day fisheries management; a continued State-Federal partnership in interjurisdictional fisheries with Federal matching of State funding; a restoration of spending power lost to several years of inflationary erosion; a commitment to collecting recreational fisheries statistics as well as commercial statistics; and a need to "bring of age" the computer processing equipment of the National Marine Fisheries Service.

In my formal statement, which I would like to submit for the record, we have a little table, and I would like to quote what we think are the needs from that small table.

There are four areas that we consider that have to be enhanced. The State and Industry Assistance programs, Conservation and Management programs, the Information Collection and Analysis programs, and the Automatic Data Processing system.

The interjurisdictional fisheries grants, we believe, should be increased by $1.5 million to bring them up to the authorization level of $5 million.

There is also, in the Interjurisdictional Fisheries Act, a small amount of money that is put aside for the Interstate Fisheries Commission's—the maximum is $350,000. And we would like to have that addition made this year again. I think we got $100,000 apiece last year.

The anadromous fish conservation grants also have to be brought up a little more because we are having trouble with salmon and striped bass, and other anadromous fishes, and there are not sufficient funds to go around. The striped bass emergency research program also comes out of the Anadromous Fish Act, and it needs $500,000 to continue its program.

In the area of conservation and management, the Regional Fishery Management Councils, we think, have been stifled over the years. My commission has representation—Richard Christian here is a counsel liaison—we have representation on three Atlantic Coast Councils: New England, Mid-Atlantic and South Atlantic, and they just cannot do their work because there is insufficient funding.

We would recommend that the funding be increased from $7.2 million to $9 million for 1991. One of the big areas that is not funded properly from our view is the information collection and analysis area. These programs provide information not just to the States; they provide information to the National Marine Fishery Service, and they in turn supply information to the Regional Fishery Management Councils so they can do their work.

We suggest that the Southeast area monitoring and assessment program be increased by $1.5 million; that the marine fisheries initiative in the Gulf of Mexico be increased by about $500,000; that the Pacific Fisheries Information network, which is funded currently at $1 million, be increased to $3 million.

Another area that is woefully underfunded and has been for years, a lot of information coming in and a lot of need, but it still does not adequately cover the minimum needs, are the recreational fisheries statistics which are currently funded at $2.2 million. We believe that should be doubled.

In the commercial fisheries statistics area, the current allowance is $7.4 million, and we think that they cannot do the job without 8.8. The basic statistics, if you do not have them, you cannot write an adequate plan and you do not know what your resources are.

The final area, as I had mentioned before, is this ADP systems update. The National Marine Fisheries Service is working with an old Burroughs system. It is stationed in Miami, and another half of it is stationed, I believe, in Seattle. And it just cannot do the job. It is so old, they cannot even find parts to keep it running. And frequently, when the States have to call on that system to withdraw information, it is not available because it is down. We would like to see the Congress take an interest in giving them better equipment to work with.

Now Mr. Chairman, I have a lot more information that is built into what I wrote for the record. It will tell you why we need these programs in detail. And if there are any specifically that you would like me to comment on, I will be pleased to do that. And if there is anything you need to know about, the regional councils, I think, Mr. Christian is prepared to give you that information.

[The prepared statement of Mr. Alperin follows:]

TESTIMONY OF THE

ATLANTIC STATES MARINE FISHERIES COMMISSION

(CONNECTICUT, DELAWARE, FLORIDA, GEORGIA, MAINE,
MARYLAND, MASSACHUSETTS, NEW HAMPSHIRE,
NEW JERSEY, NEW YORK, NORTH CAROLINA,
PENNSYLVANIA, RHODE ISLAND,
SOUTH CAROLINA, VIRGINIA)

GULF STATES MARINE FISHERIES COMMISSION

(FLORIDA, ALABAMA, MISSISSIPPI, LOUISIANA, TEXAS)

PACIFIC STATES MARINE FISHERIES COMMISSION

(ALASKA, CALIFORNIA, IDAHO, OREGON, WASHINGTON)

PRESENTED BY

IRWIN M. ALPERIN
EXECUTIVE DIRECTOR
ATLANTIC STATES MARINE FISHERIES COMMISSION

TO

HOUSE APPROPRIATIONS SUBCOMMITTEE
ON
COMMERCE, JUSTICE, STATE AND JUDICIARY

MARCH 29, 1990

MR. CHAIRMAN, ON BEHALF OF THE ATLANTIC STATES, THE GULF STATES, AND THE PACIFIC STATES MARINE FISHERIES COMMISSIONS, WE THANK YOU FOR THE OPPORTUNITY TO APPEAR BEFORE YOU TODAY TO COMMENT ON THE FISCAL YEAR 1991 NATIONAL MARINE FISHERIES SERVICE (NMFS) BUDGET OF THE DEPARTMENT OF COMMERCE. OUR COMMISSIONS, REPRESENTING THE 24 COASTAL STATES, WERE ESTABLISHED BY CONGRESS TO BETTER UTILIZE THE NATION'S MARINE, SHELL, AND ANADROMOUS FISHERY RESOURCES. THE COMMISSIONS HAVE BEEN IN EXISTENCE SINCE THE LATE 1940'S DURING WHICH TIME WE HAVE WITNESSED ALL MANNER OF PROGRAMS, LAWS AND FUNDING DIRECTED AT MARINE FISHERIES.

WE BELIEVE THE HIGHEST PRIORITY USE OF NATIONAL MARINE FISHERIES SERVICE FUNDS SHOULD BE COOPERATIVE STATE/FEDERAL PROGRAMS FOR MANAGEMENT OF INTERJURISDICTIONAL FISHERIES. THIS NOT ONLY INCLUDES FISHERY MANAGEMENT PLAN DEVELOPMENT AND MODIFICATION BUT ALSO FISHERY MONITORING, DATA COLLECTION AND ANALYSIS, RESEARCH, DEVELOPMENT, ENFORCEMENT AND HABITAT PROTECTION.

WE ARE PLEASED TO SEE THAT THE ADMINISTRATION'S REQUEST FOR FY 1991 IS 55% LARGER THAN LAST YEAR'S REQUEST. THIS IS A SIGNIFICANT STEP AWAY FROM THE IRRESPONSIBLE TREND OF THE PREVIOUS NINE YEARS. HOWEVER, THE REQUEST IS STILL FAR SHORT OF LAST YEAR'S APPROPRIATION AND EVEN FURTHER AWAY FROM WHAT IS ACTUALLY REQUIRED TO PROPERLY STEWARD OUR NATION'S RESOURCES.

WE COMMEND YOU FOR YOUR PREVIOUS ACTIONS TO PREVENT BUDGET REDUCTIONS AND URGE THAT YOU AGAIN RESTORE AND INCREASE THE NMFS APPROPRIATIONS.

MAINTAINING THE RENEWABLE OCEAN RESOURCES WHICH SUPPORT THE TREMENDOUSLY VALUABLE RECREATIONAL AND COMMERCIAL FISHERIES REQUIRES AN ADEQUATELY FUNDED FEDERAL PROGRAM THAT WILL COMPLIMENT THE ENORMOUS AND STABLE INVESTMENTS BEING MADE BY OUR COASTAL STATES.

THE INTERSTATE COMMISSIONS BELIEVE THAT THE FOLLOWING ADDITIONS TO CURRENT LEVELS OF FUNDING ARE THE MINIMUM NEEDED TO PROPERLY SUSTAIN AND MANAGE MARINE FISHERY RESOURCES. OUR RECOMMENDATIONS REFLECT AN EXPECTATION OF 1) A CONTINUED FEDERAL ROLE AND FINANCIAL RESPONSIBILITY IN DAY-TO-DAY FISHERIES MANAGEMENT; 2) A CONTINUED STATE/FEDERAL PARTNERSHIP IN INTERJURISDICTIONAL FISHERIES WITH FEDERAL MATCHING OF STATE FUNDING; 3) A RESTORATION OF SPENDING POWER LOST TO SEVERAL YEARS OF INFLATIONARY EROSION; 4) A COMMITMENT TO COLLECTING RECREATIONAL FISHERIES STATISTICS AS WELL AS COMMERCIAL STATISTICS; AND 5) THE NEED TO "BRING OF AGE" THE COMPUTER PROCESSING EQUIPMENT OF NMFS.

State and Industry Assistance	FY 1990 Appropriations (Thousands)	FY 1991 Needs (Thousands)	Additions (Thousands)
Interjurisdictional Fisheries Grants	3,500	5,000	1,500
Interstate Fisheries Commissions	330	350	20
Anadromous Grants	2,354	3,000	646
Striped Bass Research	471	500	29
Conservation and Management			
Regional Councils	7,233	9,000	1,767

Information Collection and Analysis			
SEAMAP	**942**	**2,500**	**1,558**
MARFIN	**3,000**	**3,500**	**500**
PACFIN	**1,000**	**3,000**	**2,000**
Fish Statistics			
Recreational Statistics	**2,200**	**4,400**	**2,200**
Commercial Statistics	**7,400**	**8,800**	**1,400**
ADP Systems Upgrade	**0**	**3,000**	**3,000**

INTERJURISDICTIONAL FISHERIES ACT OF 1986 ($5,000,000)

THE ACT IS IN THE PROCESS OF BEING REAUTHORIZED THIS YEAR. THIS VITAL PROGRAM IS OF EXTREME IMPORTANCE WITH REGARD TO COLLECTING THE INFORMATION TO ADDRESS FEDERAL AS WELL AS STATE MARINE RESOURCES. THIS PROGRAM PROVIDES GRANTS TO STATES FOR USE ON PRIORITY PROJECTS SUPPORTING MANAGEMENT OF INTERJURISDICTIONAL FISHERIES. ON THE WEST COAST THE MAJORITY OF MONEY IS SPENT TOWARD IMPLEMENTING FEDERAL FMPS DEVELOPED UNDER THE MAGNUSON ACT. ON THE EAST AND GULF COASTS, THE MIX IS LESS. HOWEVER, TERRITORIAL SEA COORDINATION IS VITAL FOR MANAGEMENT THROUGHOUT THE RANGE OF THESE RESOURCES. FOR EXAMPLE, 98% OF ALL OF THE FISHERIES IN THE GULF OF MEXICO ARE DEPENDENT ON THE NEARSHORE ESTUARINE ENVIRONMENT FOR A PORTION OF THEIR LIVES. THE INTERJURISDICTIONAL FISHERIES PROGRAM REQUIRES STATE MATCHING DOLLARS FOR THE FUNDS WHICH EXTEND THE STATE/FEDERAL COOPERATIVE NATURE OF THIS ACT.

INTERSTATE FISHERIES COMMISSION ($350,000)

THE THREE INTERSTATE COMMISSIONS ARE CHARGED UNDER THE INTERJURISDICTION FISHERIES ACT TO FACILITATE THE DEVELOPMENT OF MANAGEMENT PLANS. THE STATES PROVIDE THE EXPERTISE FROM THEIR RESEARCH AND DATA COLLECTION PROGRAMS; AND THE COMMISSIONS (AS COORDINATING BODIES) DEVELOP, PRINT, DISTRIBUTE, AND MONITOR THE FISHERY MANAGEMENT PLANS. FISHERY MANAGEMENT PLANS ARE THEN COORDINATED WITH THE STATES FOR IMPLEMENTATION AND WITH THE COUNCILS, WHERE APPROPRIATE, FOR COORDINATED MANAGEMENT THROUGHOUT THE RANGE OF THE MARINE RESOURCES. EXAMPLES OF PLANS DEVELOPED ALREADY BY THIS PROGRAM INCLUDE ATLANTIC MENHADEN, NORTHERN SHRIMP, BLUE FISH, PACIFIC THRESHER SHARK, SOUTHEAST ALASKA ROCKFISH, GULF MENHADEN, GULF BLUE CRAB AND BLACK DRUM.

ANADROMOUS FISH CONSERVATION ACT OF 1965 ($3,000,000; $500,000)

THIS PROGRAM PROVIDES MATCHING GRANTS TO STATES, UNIVERSITIES, AND OTHER ENTITIES CONDUCTING RESEARCH ON ANADROMOUS SPECIES SUCH AS SALMON, STRIPED BASS, SHAD, AND RIVER HERRING WHICH MIGRATE THROUGHOUT STATE, FEDERAL, AND INTERNATIONAL WATERS AND ARE HARVESTED IN ALL THESE AREAS. THESE VALUABLE RESOURCES ARE SUBJECT TO INTENSE FISHING PRESSURE; THEIR DEPENDENCE ON FRESHWATER HABITAT SUBJECTS THEM TO MANY MAN-MADE ENVIRONMENTAL CHANGES ADVERSELY AFFECTING THEIR HABITATS. THESE FACTORS REQUIRE EXTRA ATTENTION TO THE ANADROMOUS RESOURCES AND JUSTIFY FEDERAL RESOURCES FOR RESTORATION AND MAINTENANCE OF THESE SPECIES. THE ADMINISTRATION AGAIN PROPOSES

TO TERMINATE THIS PROGRAM. WE RECOMMEND APPROPRIATIONS OF $3 MILLION FOR SECTION 4 GRANTS; $500,000 IS REQUIRED TO SUPPORT THE EMERGENCY STRIPED BASS STUDIES.

REGIONAL COUNCILS ($9,000,000)

MOST FISHERIES ARE FULLY DOMESTIC AND FACE CONTENTIOUS ALLOCATIVE ISSUES RELATED TO BYCATCH, EXPANDING FISHING POWER, AND COMPETITION FOR FISHING GROUNDS. THE COUNCILS MUST ADDRESS THESE PROBLEMS, MAINTAIN THE VIABILITY OF THE RESOURCES, AND REBUILD WHERE NECESSARY. BUT THEY ARE UNDERSTAFFED AND THERE IS LITTLE MONEY FOR OUTSIDE ANALYSIS OR FOR REQUIRED MEETINGS WITH INDUSTRY.

THE WORKLOAD, MEASURED BY THE NUMBER OF FISHERY MANAGEMENT PLANS, HAS INCREASED FIVE-FOLD, BUT THE COUNCILS HAVE REMAINED FUNDED AT ABOUT $7 MILLION SINCE 1980. MOST OF THE COUNCILS CANNOT MEET THEIR OBLIGATIONS UNDER THE MAGNUSON ACT WITH THE FUNDING PROPOSED BY THE ADMINISTRATION AND MANAGEMENT FOR MANY OF THE NATION'S FISHERIES WITHIN THE EEZ WILL BE SERIOUSLY AFFECTED.

SOUTHEAST AREA MONITORING AND ASSESSMENT PROGRAM - SEAMAP ($2,500,000)

THE SOUTHEAST AREA MONITORING AND ASSESSMENT PROGRAM (SEAMAP) IS A STATE, UNIVERSITY AND FEDERAL PROGRAM FOR COLLECTION, MANAGEMENT AND DISSEMINATION OF FISHERY-INDEPENDENT DATA AND INFORMATION. IT IS NOT A RESEARCH PROGRAM. THROUGH COOPERATIVE PLANNING, SURVEYS AND DATA MANAGEMENT, SEAMAP MAKES ESSENTIAL FISHERIES AND ENVIRONMENTAL DATA AVAILABLE TO FISHERY MANAGES AND RESEARCHERS FOR THE LOWEST POSSIBLE COST. THIS PROGRAM HAS BEEN HIGHLY SUCCESSFUL, RESULTING IN MORE THAN A 400 PERCENT INCREASE IN AVAILABLE DATA COMPARED TO PERIODS PRIOR TO SEAMAP. THESE DATA HAVE AND ARE BEING USED TO EVALUATE A MAJOR FEDERAL FISHERY MANAGEMENT MEASURE IN THE GULF KNOW AS THE TEXAS CLOSURE AND HAVE BEEN INVALUABLE IN GUIDING STATE MANAGEMENT DECISIONS PRIMARILY RELATED TO THE OPENING AND CLOSING OF SHRIMP AREAS. SEAMAP TAKES ADVANTAGE OF THE NUMEROUS SAMPLING PLATFORMS (VESSELS) AND SCIENTIFIC AND TECHNICAL CAPABILITIES EXISTENT IN THE SOUTHEAST. WHERE SAMPLING PREVIOUSLY WAS DONE INDEPENDENTLY, NOW A COORDINATED, COST EFFECTIVE PROGRAM COLLECTS ENVIRONMENTAL AND BIOLOGICAL SAMPLES INSHORE AND OFFSHORE, AND AT THE SAME TIME, COMPARATIVE ANALYSES ARE DONE TO GET A BETTER UNDERSTANDING OF THE TREMENDOUSLY DYNAMIC GULF OF MEXICO OCEAN SYSTEM. THIS PROGRAM HAS ALSO WORKED INTERNATIONALLY WITH THE MEXICAN NATIONAL INSTITUTE DE PESCA (FISHERY AGENCY) AND THEIR VESSELS. PROGRAM EMPHASIS IS ON THOSE RESOURCES WHERE THERE IS A JOINT STATE AND FEDERAL RESPONSIBILITY.

DUE TO SUB-REGIONAL DIFFERENCES IN FISHERY RESOURCES, MARINE ECOSYSTEMS AND DATA AND INFORMATION REQUIREMENTS, SEAMAP IS DIVIDED INTO THREE PROGRAM ELEMENTS; SEAMAP-GULF OF MEXICO, SEAMAP-SOUTH ATLANTIC AND SEAMAP-SOUTH ATLANTIC AND SEAMAP-CARIBBEAN. WHILE SIMILAR IN PURPOSE, ORGANIZATION AND SCOPE, EACH SEAMAP ELEMENT HAS ITS OWN UNIQUE MANAGEMENT AND ORGANIZATIONAL STRUCTURE. SEAMAP-GULF OF MEXICO AND SEAMAP-SOUTH ATLANTIC HAVE BOTH DEVELOPED COMPREHENSIVE

FIVE-YEAR OPERATIONS PLANS AND A NEWLY FORMED SEAMAP-CARIBBEAN IS DEVELOPING SUCH AN OPERATIONS PLAN.

PRIMARY USERS OF SEAMAP DATA ARE STATE AND FEDERAL FISHERY MANAGEMENT AND RESEARCH AGENCIES AND ORGANIZATIONS. THE MAJOR PRODUCT FROM SEAMAP IS A COMPREHENSIVE DATA BASE ON LIVING MARINE RESOURCES IN THE SOUTHEAST REGION. THIS DATA BASE IS AVAILABLE TO ALL USERS.

THE SOUTHEASTERN STATES CONCUR ON THE PRESSING NEED FOR FISHERY-INDEPENDENT DATA COLLECTING AS A MANAGEMENT TOOL TO DEVELOP AND ENHANCE INDIVIDUAL FISHERIES, THOUGH NO STATE HAS THE FINANCIAL CAPABILITY TO CONDUCT THE SCOPE OF SURVEY NEEDS IDENTIFIED BY THE SEAMAP PROGRAM. CURRENT LEVELS OF FUNDING FOR SEAMAP, SET AT ONE MILLION DOLLARS IN FY 1990, ARE INADEQUATE FOR THE NEEDED INSHORE AND OFFSHORE FISHERIES SURVEYS. THROUGH THIS REQUEST, IT IS PROPOSED TO FUND SEAMAP AT 2.5 MILLION DOLLARS IN FY 1991, ALLOWING FOR EXPANSION OF THE PROGRAM TO ITS FULL CONCEPT, INCLUDING THE INITIATION OF CARIBBEAN SAMPLING ACTIVITIES AND AUGMENTING THE EXISTING SOUTH ATLANTIC AND GULF OF MEXICO ACTIVITIES.

MARINE FISHERIES INITIATIVE - MARFIN ($3,500,000)

THE MARINE FISHERIES INITIATIVE (MARFIN), IS DESIGNED TO INCREASE THE ECONOMIC CONTRIBUTION OF UNDERUTILIZED AND UNUTILIZED SPECIES, DEVELOP MORE VALUABLE PRODUCTS FROM EXISTING FISHERIES, DEVELOP EXPORT MARKETS, FORECAST VARIATION IN YIELDS, AND CONSERVE AND MAINTAIN PRESENTLY EXPLOITED RESOURCES. THE GULF OF MEXICO'S LANDINGS ADD OVER $5.6 BILLION ANNUALLY TO THE ECONOMY AND PROVIDE OVER 30,000 JOBS. THIS ADDITIONAL INVESTMENT IN FISHERIES RESEARCH COULD DOUBLE THE CURRENT VALUE OF THESE DEVELOPMENTS.

THE PROGRAM HAS RESULTED IN 100 PROJECTS FUNDED THROUGH COOPERATIVE AGREEMENTS AND 29 PROJECTS HAVE BEEN COMPLETED WITH NMFS, THUS SHOWING THE EFFORT TO HAVE A BROAD CROSS SECTION OF THE GULF MARINE COMMUNITY ADDRESSING COMMONLY IDENTIFIED PROBLEMS. THE PROGRAM MANAGEMENT BOARD GUIDES THE IDENTIFIED, PRIORITIZED PROJECTS TO THE BEST ENTITY IN THE GULF WITH REGARD TO ABILITY AND COST TO DO THE WORK. THIS INSURES BROAD BASED, COORDINATED WORK. MAJOR COORDINATED WORK ON RED DRUM, MACKERELS (KING AND SPANISH), MULLET, AND TED'S HAVE BEEN ACCOMPLISHED IN THE LAST YEARS. WITHOUT THE MARFIN PROGRAM SUPPLIED INFORMATION THE SEVERE PROBLEMS WITH REGARD TO THESE IMPORTANT SPECIES WOULD HAVE BEEN EVEN WORSE.

PACIFIC FISHERY INFORMATION NETWORK ($3,000,000)

TIMELY DATA ARE NEEDED FOR EFFECTIVE MANAGEMENT. PACFIN PROVIDES SUCH INFORMATION -- ENABLING MANAGERS AND INDUSTRY TO TRACK CATCHES BY AREA AND TO PLAN BETTER. IT IS THE NATION'S FIRST REGIONAL FISHERIES DATA NETWORK. FISHERIES OFF ALASKA, WASHINGTON, OREGON, CALIFORNIA, HAWAII, AND THE AMERICAN FLAG PACIFIC ISLANDS PROVIDE INFORMATION TO A CENTRAL DATA BASE ACCESSIBLE TO ALL. THESE STATES ALREADY CONTRIBUTE OVER $25 MILLION ANNUALLY IN DATA COLLECTION AND

PROCESSING TO THIS MULTI-AGENCY EFFORT WHICH ALSO INCLUDES THE WEST PACFIN (HAWAII, AMERICAN SAMOA, COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS, GUAM, AND NMFS). THE $3.0 MILLION IS NEEDED TO MAINTAIN THIS HIGHLY EFFICIENT DATA SYSTEM SO CRITICAL TO MANAGEMENT OF THE FISHERIES.

FISH STATISTICS (RECREATION STATISTICS $4,400,000 AND COMMERCIAL STATISTICS $8,800,000)

A HIGH PRIORITY FOR FUNDING RECOMMENDED BY THE MARINE FISHERY ADVISORY COMMITTEE (MAFAC) OF THE DEPARTMENT OF COMMERCE, THE REGIONAL COUNCILS AND THE STATES IS FOR FISHERIES STATISTICS. THE PROBLEM IS FUNDAMENTAL: OUR FISHERIES INFORMATION BASE AND THE ABILITY TO DO ANALYSES IN A TIMELY FASHION IS INSUFFICIENT TO SUPPORT SOUND MANAGEMENT. THE DEMAND FOR MANAGEMENT HAS INCREASED DRAMATICALLY OVER THE PAST DECADE WHILE THE DATA PROVIDED TO FISHERY MANAGERS HAS ACTUALLY DECREASED. PUT IN THE SIMPLEST TERMS - WITHOUT ADEQUATE, TIMELY AND SOUND DATA, FISHERIES MANAGEMENT DECISIONS CANNOT BE SCIENTIFICALLY ADDRESSED. THE MORE RESPONSIVE, SOPHISTICATED MANAGEMENT OF MARINE RESOURCES REQUESTED, THE MORE CRITICAL BETTER DATA IS TO ACCOMPLISH THE TASK. LESS THAN 5% OF THE NMFS $180 MILLION BUDGET WAS SPENT LAST YEAR FOR BASIC FISHERY STATISTICS FOR RECREATIONAL AND COMMERCIAL INDUSTRIES WHICH CONTRIBUTE MANY BILLION OF DOLLARS TO THE U.S. ECONOMY. THE MARINE RECREATIONAL FISHERIES STATISTICAL SURVEY HAS BEEN LEVEL FUNDED AT AROUND $2.0 MILLION SINCE 1979. IT'S SPENDING POWER IS NOW SO LOW IN 1990 THAT THE PACIFIC COAST SEGMENT WAS DELETED! THE COMMERCIAL STATISTICS PROGRAM HAS ALSO BEEN CRITICALLY HAMPERED BY LACK OF PERSONNEL AND EMPHASIS.

SINCE ONLY 12 SPECIES WERE PROTECTED UNDER FISHERY MANAGEMENT PLANS IN THE EARLY 1980'S AND 293 SPECIES ARE NOW UNDER MANAGEMENT THE REQUEST FOR THIS INFORMATION IS EVIDENT. WE REQUEST THE TOOLS BY WHICH THE STATE AND FEDERAL AGENCIES CAN DO THE TASK REQUESTED.

ADP SYSTEMS UPGRADE ($3,000,000)

DATA MUST BE AVAILABLE QUICKLY TO MANAGE FISHERIES. NMFS'S COMPUTER SERVICES ARE OBSOLETE, UNRELIABLE, AND UNECONOMICAL TO OPERATE AND MAINTAIN. FURTHER, THEY CANNOT HANDLE THE INCREASING VOLUMES OF DATA FROM THE FISHERIES. THE SYSTEMS MUST BE REPLACED TO PROVIDE TIMELY MANAGEMENT INFORMATION TO THE COUNCILS AND NMFS MANAGERS.

THANK YOU FOR THIS OPPORTUNITY TO COMMENT. AS IN PREVIOUS YEARS WE RELY ON YOUR SUPPORT FOR THESE FISHERIES PROGRAMS THAT ARE SO IMPORTANT TO OUR FISHERIES, COASTAL COMMUNITIES AND THE NATION.

Mr. Early. I just want to thank you for your statement, Mr. Alperin. But the witnesses—such outstanding witnesses that come in to testify as outside witnesses—I am always skeptical. I think that you might not realize how much you produce. In your statement with regards to the ADP system upgrade, you talk about a borrowed system that you say is outdated. I am not familiar with that at all. But I know that in any major industry such as yours, with all the potential and all the record-keeping, that if the Congress does not keep up with that type of thing, we are really not doing the right thing.

I appreciate your statement. I appreciate you just giving the summaries on the areas that you spoke to. But I assure you that—and there are many members of this committee that are advocates for what you are representing—that your statement really helps when we are talking about where the monies go. So I just want to thank you for your statement.

Thursday, March 29, 1990.

NOAA PROGRAMS

WITNESS

JOHN H. PRESCOTT, EXECUTIVE DIRECTOR, NEW ENGLAND AQUARIUM, BOSTON, MA

Mr. Early. Next we are going to hear from John Prescott from the great State of Massachusetts, the Executive Director of the New England Aquarium.

Mr. Prescott. Mr. Chairman, I am John Prescott, the Executive Director of the New England Aquarium. I am also a member of the New England Fisheries Advisory Committee to the U.S. Department of Commerce. I would like to add that I support Mr. Lapointe's and Mr. Alperin's testimony.

But I would like to take this opportunity to appear before your committee concerning right whale research initiatives that you have been supporting and thank you for the four years of support. This research program is a consortium of scientists from Woods Hole Oceanographic Institution, the University of Rhode Island and the New England Aquarium. It has provided many insights on the biology and conservation of right whales. However our current population estimate indicates the North Atlantic right whale numbers only 300 animals in the entire North Atlantic. This makes this species the rarest whale in the world.

Current studies continue to focus on distribution, abundance, habitat requirement and sources and rates of mortality. Unfortunately our study indicates that nearly one-third of all right whale mortality is due to human activities, and more than 40 percent of the living whales exhibit wounds and scars from net entanglements and/or collisions with ships.

The data that has been developed is being used by the Mineral and Management Service and the U.S. Navy in mitigating efforts to avoid ship collisions in the Southeast. Dr. Wynn of the University of Rhode Island originally petitioned and requested $500,000 for this research in 1987. Last year, $235,000 was appropriated. Unfortunately these funds were not made available during last Summer's season to support the research.

We are seeking support today for at least level funding that will permit some basic monitoring of the population. Unfortunately, NOAA and the National Marine Fisheries Service have not requested an appropriation in its upcoming budget, nor have they programmed any of the funds mandated for marine mammal research during the reauthorization of the Marine Mammal Protection Act for this endangered species.

The second matter I would like to address concerns my own institution of New England Aquarium. Currently we are underway with a dramatic and exciting new phase for this aquarium and marine science center; its actual relocation from downtown Boston waterfront to the old Navy Yard in Charlestown.

We are requesting $665,000 for fiscal year 1991 for the beginning of a new initiative in acrylic polymer research and development that has important international competitiveness implications. My written statement submitted for the record addresses these issues in detail.

I would like to thank you for the opportunity of testifying before the committee again.

[The statement of Mr. Prescott follows:]

New England Aquarium

Central Wharf
Boston, Massachusetts 02110-3309
(617) 973-5200

Statement of John H. Prescott
Executive Director
New England Aquarium
29 March 1990

Mr. Chairman and Members of the Committee, I am John Prescott, Executive Director of the New England Aquarium, located in Boston, Massachusetts.

I would like to thank you for this opportunity to appear before your subcommittee and present testimony concerning the right whale research initiative and thank you for your support for the last four years.

During the last four years, support from Congress to the North Atlantic Right Whale Research Consortium (which includes scientists from Woods Hole Oceanographic Institution, the University of Rhode Island, Marineland of Florida, the Center for Coastal Studies, and the New England Aquarium) has provided many insights on the biology and conservation of right whales and is leading to further understanding of their endangerment. Our current population estimates indicate that the North Atlantic right whale numbers about 300 animals, making this the rarest whale species in the world. Despite extensive research on these estimates, no trend in the population can be predicted.

Current studies being conducted by the consortium continue to focus on distribution, abundance, food and habitat requirements, reproductive rates and parental genetics, and sources and rates of morality. One study indicates that nearly one-third of all right whale mortality is due to human activities, and more than 40% of the whales exhibit wounds and scars from net entanglements and/or collisions with ships. These findings have been incorporated by Consortium members into the National Marine Fisheries Recovery Plan. Data collected by the Consortium has also been used to identify right whale calving grounds and other habitat along the U.S. east coast for the Mineral and Management Service. Currently we are petitioning for formal designation of some areas as "Critical Habitat."

Dr. Winn of the University of Rhode Island originally requested $500,000 in 1987. Last year $235,000 was appropriated. Unfortunately, these funds were not available during the last summer season to support our research. We are seeking your support today at the 1989 level of $235,000 that will permit basic monitoring of the population. Unfortunately, NOAA has not requested an appropriation for this important research in its upcoming budget nor programmed any of the funds mandated for marine mammal research during the reauthorization of the Marine Mammal Protection Act.

This nonprofit organization was created to establish, maintain and operate a New England public aquarium. Contributions are deductible under federal income tax laws.

The second matter I would like to address concerns my own institution, the New England Aquarium. We are underway with an exciting new phase in the life of the Aquarium, the actual relocation from Central Wharf to Drydock #5 in the Charlestown Navy Yard. We are requesting $665,00 for Fiscal Year 1991 for the beginning of an important new initiative in acrylic research and development that has important international competitiveness implications.

With many innovative and high technology features incorporated with in the new aquarium design, the construction will also involve forging new frontiers in the areas of acrylics and hybrid plastic-concrete construction techniques. Unfortunately, current research and developmental efforts in this area are being nurtured more by overseas concerns than by U.S. entities.

The new technologies involved can be developed and implemented by American companies, but only if the Federal Government promotes and forges a partnership in this area. The newly created National Institute of Science and Technology (NITS), previously the National Bureau of Standards within the Department of Commerce, provides the vehicle for the Aquarium is requesting the Congress to designate the Aquarium as a Center for Technology and Competitiveness. The following information discusses in more detail this concept.

BACKGROUND

The relocation of the New England Aquarium (NEA) from Central Wharf to Drydock #5 within the Charlestown Navy Yard is necessary because the current location cannot accommodate visitor demand and there is no room for expansion. The building of a new aquarium will allow NEA to once again create a state-of-the-art exhibition center, enhanced by world-class research and educational facilities.

Building a new Aquarium will bring many benefits to the Charlestown area in the form of job creation and retention and educational and cultural enrichment. The new aquarium will act as an anchor attraction for local residents to enjoy their nearby park and participate in other community and family activities.

TECHNOLOGY AND COMPETITIVENESS

The design concept of the new aquarium, which will use advanced acrylic materials, will place it at the forefront of aquarium technology and exhibition technique. The dimensions for acrylic employment to be utilized have not yet been incorporated successfully into a building project on such a massive scale.

The concept of designed construction materials immune to environmental corrosion will also be incorporated within the structural and load bearing aspects of the largest tanks to be used. The applied technology does not yet exist for the facility envisioned for Drydock #5 for (1) the employment of acrylics in both flat panel and curved panel configurations and (2) the use of plastic-reinforced concrete and plastic coating for the steel used as the reinforcing elements in standard concrete construction. The completion of this project will place the United States as the unquestioned leader in applied acrylics technology and advanced building materials.

The potential benefits to other economic sectors within the U.S. and to the international competitive position of the U.S. of these two divergent research areas are enormous. For example, the acrylic research in the use of flat and curved panels will result in opportunities for potential uses in such developing research system areas as underwater habitats, submersible vehicles, and the properties of underwater optic experimentation. Of course, the acrylic technology to be developed will also be available for use in the scores of new aquariums currently in various stages of planning worldwide. In addition, the development of advanced acrylic technology promises to have applications in the forthcoming space station, the National Aerospace Plane, and other aerospace and defense sectors. This technology, and the concurrent manufacturing capacity to produce acrylics for these purposes, are being developed overseas at a faster pace than here at home. The necessary investment in the proper research, and subsequent development and testing through applied demonstration projects, is needed in order to maintain the U.S. competitive position in the scientific and industrial base arenas.

With regard to developing environmentally immune construction materials, the New England Aquarium will serve as the perfect long-term laboratory for testing newly developed materials. New methods of maintaining structural integrity despite normally occurring elements of corrosion (of steel reinforcing bars n concrete) and deterioration (through environmental stress over time) will have major long-term benefits for future public works projects such as salt-damaged bridges (underwater pilings as well as load-carrying capacity) and water holding facilities such as dams [particularly hydroelectric], water treatment facilities, and wastewater treatment plants). The increase in the life of building elements of future dollars in replacement and repair costs, with a relatively modest Federal investment of research, development and demonstration costs.

FEDERAL ROLE

The Federal deficit no longer permits the Federal Government to support widespread construction projects as it once did. Federal discretionary spending must be (1) viewed as mission-oriented through the agency from which the funds are distributed; (2) seen as investments that ensure a return to the country and to the benefit of its citizenry; and (3) matched by private, state and local resources. Each point is discussed below:

(1) Mission The National Institute of Standards and Technology (NITS, formerly the National Bureau of Standards) received a new charter under Title V of the Omnibus Trade and Competitiveness Act of 1986. The purpose of the renaming of the National Bureau of Standards to NITS included the following:[1]

(a) ...to modernize and restructure that agency to augment its unique ability to enhance the competitiveness of American industry...;

(b) to assist private sector initiatives to capitalize on advanced technology;

(c) to advance, through cooperative efforts among industries, universities, and government laboratories, promising research and development profits, which can be optimized by the private sector for commercial and industrial applications; and

(d) to promote shared risks, accelerated development, and pooling of skills which will be necessary to strengthen America's manufacturing industries.

The general thrust of this public law involves NIST's charter to provide assistance support and promotion of the development of advanced technology, encourage related manufacturing capacity growth, and improve the U.S. competitive position in advanced technology processes wherever possible. The authorization specifically mentions development of advances materials, under which the acrylics portion of the NEA effort would fall. There is also a specific section dealing with "properties of building materials and structural elements[2]", under which the concrete and related research efforts would fall.

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[1] 102 Stat 1425

[2] 102 Stat 1430

(2) Investment The investment of $25 million in Federal funds over a five year period for these two initiatives represents a relatively small amount for the level of potential national return in both technological advancement and increased industrial capacity. A recent Washington Post[3] article indicated that DOD is going to invest, over the next five years, $80 million in industries that had suffered international competitiveness decline: food processing, optics, precision gears and apparel. If the Pentagon can recognize the U.S. international competitive problem and make an offer for improvement, the civilian agency charged with the mission can certainly match the DOD challenge.

(3) Matching The Federal support we are seeking — $25 million over five years — represents roughly 17% of the total cost of the project. In today's 80/20 matching scenarios, this level clearly exceeds all Federal requirements.

FEDERAL INVOLVEMENT

The Federal investment portion and scientific participation is absolutely essential: We are confident that through extremely hard work, perseverance, and dedication we will be able to raise $125 million through private, state and local contributions, but that remains the most optimistic projection. We need the balance — $25 million — which would be dedicated toward the research, development, mock-up and pilot demonstration costs of the new and advanced technologies we are exploring.

But, equally as important, we need the participation, advice and independent counsel of the expert scientists within NIST in the development of these new technologies and methods. The assembled knowledge, experience and technical expertise represented by NIST personnel would be invaluable aids, and are crucial to the success of this project. It would be important to have NIST personnel involved in the conception of these scientific endeavors and also in the evaluation at the conclusion of each phase of the project.

FISCAL YEAR 1991 BUDGET

President Bush's 1991 Budget stresses increases in the areas of applied and developmental research, U.S. international competitiveness, and Government/private sector partnership in economic development[4]. The FY 1991 NIST Budget requests a net increase of $25.3 million over the FY 1990 appropriations level.

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[3] Wash Post, p. D1, Jan. 2, 1990 (attachment)

[4] Wash Post, p. A4, Feb. 2, 1990 (attachment)

It is conceivable that the President's programmatic details of the Budget proposal can be redirected by the Congress (while maintaining the same level of increase) to areas the Congress feels are of a higher priority and more appropriate. This strategic approach provides the mechanism — the vehicle — for implementing the rationale and strategy laid out above.

BUDGET AND FUNDING ISSUES

The requirements by fiscal year related to the two R&D issues are outlined below. As you can see, the required activities for the current year's needs (for FY 1991, starting October 1, 1990) are a modest $664,913.

	FY 1991	FY 1992	FY 1993	FY 1994	FY 1995	Total
R&D Expenses	$664,913	$3,510,497	$5,700,000	$10,765,687	$4,002,535	$24,643,639

The expensive portion of the project involves the actual application of the research — the demonstration project aspect — in which the R&D results are proven, or tested, in a real world setting under conditions that cannot be duplicated nor assumed in a laboratory setting. The NEA, then, will represent an enduring test, as well as continuing proof, of the Federally funded research results conducted under the auspices of the New England Aquarium.

CONCLUSION

Amidst all of the rhetoric involved in this Congressional session's public debate on spending — Social Security taxes, peace dividend, reduced aid to Israel, etc. — there will emerge trends in appropriations acts roughly conforming to the President's proposals. The President has requested increased funds for education, biotechnology, health care and research and development. The Congress will take the amounts requested and most likely enhance them further through additional Defense reductions. Congress will also add its own set of policy directives, guidance and strategic instructions to the myriad of new initiatives. The merit of the R&D rationale and the need for Federal participation in the New England Aquarium's relocation speak strongly for the inclusion of this initiative within the FY 1991 appropriations process.

Mr. Chairman, thank you for allowing me the opportunity to testify.

Wash Post Jan 2 91

ATTACHMENT 1

Pentagon Plans to Aid Four Ailing Industries

;ectors Seen Important to National Security

By Sandra Sugawara
Washington Post Staff Writer

The Pentagon has embarked on a ries of programs designed to pump potential $80 million into four very verse industries over the next five ars in an effort to counter erosion manufacturing sectors considered portant to national security, ac- rding to a number of present and st Pentagon officials.

The government-backed programs, stly in areas of research and ad- nced technologies, are designed to uvenate and hopefully ensure the vivability of the four industries— ics, precision gears, apparel and d processing.

All are considered important for ional security but have been hard in recent years by foreign compe- on, potentially leaving the country endent in wartime on non-Ameri- suppliers for everything from op- . for night vision goggles to gears machinery. And the problem is ex- o become more acute over t several years as Pentagon renchment means less military iness for the same companies at a e when they continue to feel the h in the commercial field from ign competition.

This is a critical time," said Robert Costello, former undersecretary of nse for acquisition, who was an ressive advocate of policies to re- the country's industrial base dur- the Reagan administration.

.. the government can play the of catalyst and have things hap- even faster than they might or it not have naturally . . . if it's in best interest of the country, you force-feed the program and have ppen faster."

ostello's arguments also are part n ongoing debate in Washington elsewhere over the wisdom of a rnment role in nurturing and de- ing industry, often called indus- policy. The Bush administration said the free market and not the rnment should determine win- sers in industry, but the ct appears to get more complex when issues of national security become involved.

In the four targeted industries, the Pentagon will provide start-up money to help create research-oriented consortiums that are designed to get together experts from industry and academia to develop advanced technologies. Industry sources are expected to match or exceed the government input and then share in the results of the research.

The government followed a somewhat similar path in setting up Sematech, the government-industry group designed to help the American semiconductor industry, which provides the critical components for computer-related equipment that is more and more a part of the country's fighting machine. The Sematech program is far more ambitious, however, and is slated to receive $100 million in federal funding yearly.

According to several sources, the Pentagon is split on how far to get involved in industrial policy. Robert C. McCormack, the deputy undersecretary of defense for acquisition, said that the Defense Department has taken a conservative approach with the optics, apparel, precision gear and food processing industries, by providing only a small amount of seed money to industry-academic groups for advanced technology research. Industry generally is expected to at least match the government contributions.

McCormack said that other industries are unlikely to get Pentagon support to the tune of $100 million a year. The Pentagon is "not in any position budget-wise to underwrite industries," he said.

The Pentagon investment in the optics consortium is not expected to top $35 million over five years. The precision gear program is expected to cost the Pentagon $37 million over five years, apparel at least $6 million over five years and food processing at least $1.5 million over five years.

Dave Hickman, deputy director of the Defense Department's office of industrial base assessment, said that

See PENTAGON, D16, Col. 1

Pentagon To Aid Four Industries

PENTAGON, From D13

the Pentagon got involved with the optics industry because of concern over the rapid decline of U.S. optics companies. The military services are heavy buyers of both optics and fiber optics, which are used for everything from binoculors and periscopes to anti-submarine listening systems, guided missile sensors, satellites and facsimile machines.

Domestic optics employment dropped 50 percent from 1981 to 1986 as U.S. companies lost business to competitors in Japan and other Pacific Rim countries. Eventually, imports dominated both the U.S. commercial and defense optics market.

In 1987, the Defense Department decided to restrict military optics procurements to domestic sources in an effort to prop up the U.S. optics industry. But that failed to revive the industry. Instead, the military ended up with exceptionally high optics prices and often was not able to get the optical products when it wanted them, Hickman said.

About a year ago, the American Precision Optics Manufacturers Association, with guidance from the Pentagon, came up with a plan for a consortium, called the Center for Optics Manufacturing, at the University of Rochester. The consortium is designed to develop advanced optics manufacturing systems that will depend more on computers and less on costly human labor to grind, polish and test lenses. Companies will be able to go to the center to test the technologies and decide how to adapt them to their operations.

Harvey Pollicove, an Eastman Kodak Co. employee who is on a two-year leave to head the consortium, said that the demonstration center will be key to getting the technology to the industry, since most of the four dozen companies that are solely optics producers have annual revenues of only $3 million to $5 million, and cannot afford to develop this technology on their own.

Some prime defense contractors, such as General Dynamics Corp. and Martin Marietta Corp., also have optics facilities. But most of their optics facilities are small and only are used when the defense contractors need one or two items or are developing a new system, Pollicove said. Thus, they have little incentive to develop advanced technology systems for the mass production of optics.

Pollicove said that the Pentagon has agreed to provide $35 million over five years for the project, although Hickman cautioned that there is no written commitment for $35 million and the figure will be reviewed during budget considerations each year.

In September, the Pentagon gave the optics consortium $250,000 to get organized, and it has promised to provide $2 million to the center in fiscal year 1990 to help with staffing and project development. The University of Rochester and New York State are paying for the construction of the $6 million facility, which is expected to be open in mid-1991. Two regional centers, in Orlando, Fla., and Los Angeles, are to be opened in 1991.

The problem with precision gears has been even more severe, according to Donald F. O'Brien, chief of the Defense Logistics Agency's (DLA) manufacturing engineering research office.

Gears are used in everything from airplanes to helicopters to tanks, and the military has been having problems getting adequate supplies, even in peacetime. Many gear companies are small and have failed to keep up with the latest in machining advances, according to O'Brien.

In October, the DLA selected the Illinois Institute of Technology Research Institute to head a coalition that includes Pratt and Whitney Aircraft, Boeing Co., General Electric Co. and other companies. The Pentagon has agreed to invest $37 million in the five year program to develop technology to improve the gear industry.

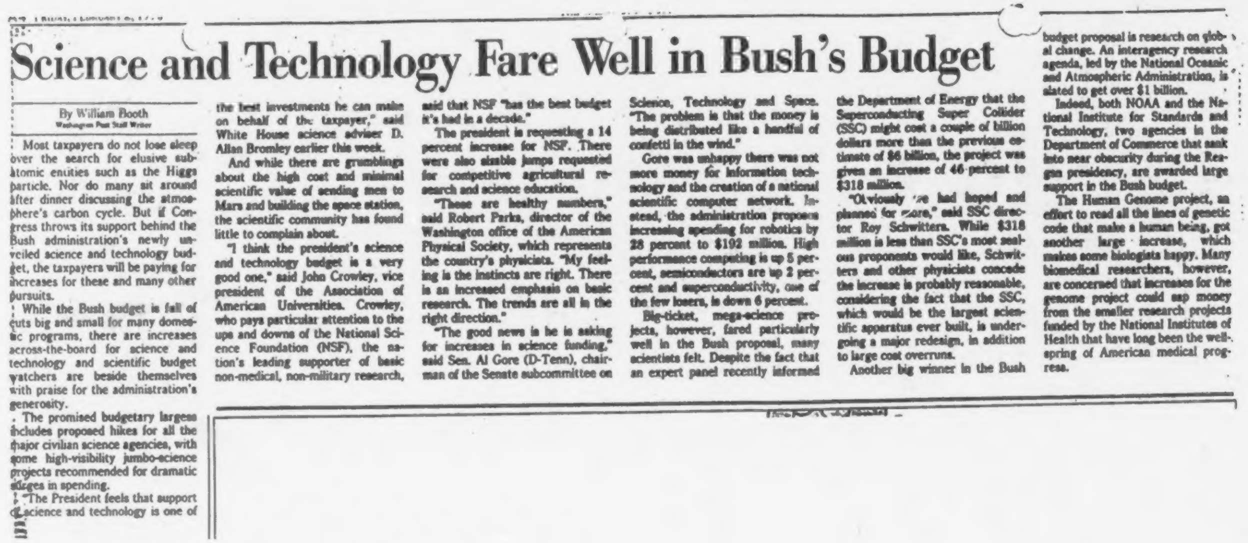
The DLA also has awarded a total of $6 million over a five-year period to the Fashion Institute of Technology, Clemson University and the Georgia Institute of Technology to run state-of-the-art demonstration and research centers in conjunction with the apparel industry.

Each of the schools also will be eligible for up to $1 million a year in federal research and development grants. The centers will be looking for ways to lower the costs of apparel manufacturing, through the use of such things as computers and robots.

A third DLA project is designed to come up with technologies to enable commercial food processing companies to make combat rations. Currently, only a few manufacturers make combat rations and it is hard for commercial manufacturers to switch over. Combat rations have unique requirements, such as longer shelf life and tougher packaging.

Rutgers University, which was awarded a five year contract from the DLA, has been working with food industry officials to develop the center, which is scheduled to open next spring. Rutgers will get $300,000 a year from the Pentagon to run the center, and will be eligible for up to $2 million in research and development grants over the five years.

ATTACHMENT 2



Science and Technology Fare Well in Bush's Budget

By William Booth
Washington Post Staff Writer

Most taxpayers do not lose sleep over the search for elusive subatomic entities such as the Higgs particle. Nor do many sit around after dinner discussing the atmosphere's carbon cycle. But if Congress throws its support behind the Bush administration's newly unveiled science and technology budget, the taxpayers will be paying for increases for these and many other pursuits.

While the Bush budget is full of cuts big and small for many domestic programs, there are increases across-the-board for science and technology and scientific budget watchers are beside themselves with praise for the administration's generosity.

The promised budgetary largess includes proposed hikes for all the major civilian science agencies, with some high-visibility jumbo-science projects recommended for dramatic surges in spending.

"The President feels that support of science and technology is one of the best investments he can make on behalf of the taxpayer," said White House science adviser D. Allan Bromley earlier this week.

And while there are grumblings about the high cost and minimal scientific value of sending men to Mars and building the space station, the scientific community has found little to complain about.

"I think the president's science and technology budget is a very good one," said John Crowley, vice president of the Association of American Universities. Crowley, who pays particular attention to the ups and downs of the National Science Foundation (NSF), the nation's leading supporter of basic non-medical, non-military research, said that NSF "has the best budget it's had in a decade."

The president is requesting a 14 percent increase for NSF. There were also sizable jumps requested for competitive agricultural research and science education.

"These are healthy numbers," said Robert Parks, director of the Washington office of the American Physical Society, which represents the country's physicists. "My feeling is the instincts are right. There is an increased emphasis on basic research. The trends are all in the right direction."

"The good news is he is asking for increases in science funding," said Sen. Al Gore (D-Tenn), chairman of the Senate subcommittee on Science, Technology and Space. "The problem is that the money is being distributed like a handful of confetti in the wind."

Gore was unhappy there was not more money for information technology and the creation of a national scientific computer network. Instead, the administration proposes increasing spending for robotics by 28 percent to $192 million. High performance computing is up 5 percent, semiconductors are up 2 percent and superconductivity, one of the few losers, is down 6 percent.

Big-ticket, mega-science projects, however, fared particularly well in the Bush proposal, many scientists felt. Despite the fact that an expert panel recently informed the Department of Energy that the Superconducting Super Collider (SSC) might cost a couple of billion dollars more than the previous estimate of $6 billion, the project was given an increase of 46 percent to $318 million.

"Obviously we had hoped and planned for more," said SSC director Roy Schwitters. While $318 million is less than SSC's most zealous proponents would like, Schwitters and other physicists concede the increase is probably reasonable, considering the fact that the SSC, which would be the largest scientific apparatus ever built, is undergoing a major redesign, in addition to large cost overruns.

Another big winner in the Bush budget proposal is research on global change. An interagency research agenda, led by the National Oceanic and Atmospheric Administration, is slated to get over $1 billion.

Indeed, both NOAA and the National Institute for Standards and Technology, two agencies in the Department of Commerce that sank into near obscurity during the Reagan presidency, are awarded large support in the Bush budget.

The Human Genome project, an effort to read all the lines of genetic code that make a human being, got another large increase, which makes some biologists happy. Many biomedical researchers, however, are concerned that increases for the genome project could sap money from the smaller research projects funded by the National Institutes of Health that have long been the wellspring of American medical progress.

Mr. EARLY. I want to thank you, Mr. Prescott, as a Member from Massachusetts. I am really delighted with your Aquarium and with Woods Hole, and some of the other facilities that we have in Massachusetts. I appreciate you joining with the two previous speakers to discuss the whole general good of what all of you are representing. And believe me, you come down and you make your statement, and that statement could be the only vehicle when we mark up that would allow this committee to look at the specific problems of the movement at the Aquarium. So coming down today was very important to the whole State.

Thank you.

We are going to recess briefly, and then we are going to resume as quickly as possible.

[Recess.]

THURSDAY, MARCH 29, 1990

NOAA PROGRAMS

WITNESS

GARY A. GLENN, DEPUTY DIRECTOR, MASSACHUSETTS CENTER OF EXCELLENCE CORPORATION, COMMONWEALTH OF MASSACHUSETTS

Mr. EARLY. The committee will come to order.

Next we are going to hear from Mr. Gary A. Glenn, Deputy Director, Massachusetts Centers of Excellence Corporation.

Mr. GLENN. Thank you, Mr. Early. And thank you for the opportunity to offer testimony before this subcommittee. I will briefly address two issues.

First, the need to develop and institutional structure within which research and commercialization can occur in the marine electronics industry. And, second, the need for new information relating to fisheries in the waters off Massachusetts, New Hampshire, and Maine.

For the past three years, some of the Nation's foremost scientists, engineers, and economists have been involved in an in-depth study of the United States marine electronics industry. This study has already produced a great deal of new information about the composition, structure, and competitiveness of this important industry, and also about the structure of parallel industries in other countries, especially Germany, France, the United Kingdom, and Japan. Marine electronics is one of the fastest growing subsectors in the electronics industry, and will grow even faster as the demand for high quality instruments to carry out environmental testing and analysis increases.

This is an industry where, with many products lines, the United States still has a strong position in world markets. But, as each day passes, competition from European and/or Asian products intensifies. Our companies can continue to prosper only by adapting to new circumstances, in particular to the need for better technical communication and information exchange with research institutions, Government entities, and customers and users.

It is clear that U.S. companies must utilize all available resources to the maximum extent, and this includes resources in colleges, universities, research laboratories, and governmental agencies as well as in the private sector. In order to stimulate this kind of partnership interaction, the Consortium for the Promotion of Competitiveness in Marine Industries has been created as a mechanism to bring together business, academia and government in a dynamic effort to ensure United States competitiveness in the marine economic sector.

The Consortium will build upon the highly successful research efforts underway for the past three years in the project "To Develop a National Marine Electronics Agenda." That project has involved private companies, State governments, and academic research institutions in Massachusetts, Florida, Hawaii, and other States, in collaborative research designed to identify areas of future commercial opportunity. The Consortium will utilize the substantial expertise now at our fingertips to stimulate competitiveness in carefully selected areas of the marine economy. And the first three of these areas are as follows:

First, the Consortium will work with U.S. companies to develop, manufacture, and market products using the Global Positioning System, GPS. U.S. companies need to identify the market niches they can most effectively penetrate and hold, given the intense competition from Japanese and European producers. The key academic institution in this project will be Southeastern Massachusetts University which has developed one of the Nation's strongest research programs focused on this revolutionary navigation system. Several advanced technology companies have already signed on to do the research and manufacturing of marine navigational products. The third partner we hope will be a combination of State and Federal Government support.

Second, a huge demand is now building for instrumentation suitable for marine environmental monitoring. Coastal areas throughout the world are threatened by increased pollution leveled, and coastal industries such as fishing, recreation, and water-use companies, are suffering lost economic opportunity. Present instrumentation is inadequate to measure the nature and composition of the pollution, thus hindering appropriate remedial action. The Consortium will call upon the academic resources of the Woods Hole Oceanographic Institute and the Marine Biological Laboratory, combined with industry involvement from nine companies, to find solutions to the needs for environmental monitoring instrumentation. The six New England States will assist in marketing new products resulting from this interaction throughout the world via State export promotion activities.

Three, as we know, Americans are now consuming even greater quantities of fish and fish products. Unfortunately, last year, 70 percent of U.S. fish consumption was imported, representing a major negative factor in the balance of trade. One way we can reduce excessive reliance on foreign fish products is by applying new technologies to our own aquaculture industry. Aquaculture is by far the fastest growing sector of agriculture, and there is a high receptivity by farmers and suppliers to application of advanced technology, especially high tech instrumentation and computerized operations.

As one of its first and most important tasks, the Consortium for the Promotion of Competitiveness in Marine Industries will work with five U.S. aquaculture instrumentation manufacturers to improve and expand their product lines. We will utilize the excellent resources of the Oceanic Institute in Hawaii to provide the technical and scientific expertise required.

In order to be effective, the Consortium must be a true partnership effort, mobilizing the intellectual and financial resources of corporate, academic, State governmental and Federal bodies. Massachusetts, despite our current financial problems, is willing to invest in this important effort. At least 15 companies and five academic institutions are prepared to help finance the effort. Those combined resources will cover two-thirds of the costs, and we ask the subcommittee to support the other one-third, at a level of $750,000 during the 1991 fiscal year.

Secondly, Mr. Chairman, I would like to bring to your attention a related initiative being taken in the North Atlantic/Gulf of Maine region that will be supported by the Consortium for the Promotion of Competitiveness in Marine Industries. The project involves a collaboration among Maine, New Hampshire, Massachusetts, and Hawaii, and is entitled "Environmental Variability and Fisheries Recruitment: A Fisheries Oceanography Investigation in the Western Gulf of Maine."

The project will fully utilize the experience and methodology developed through an Alaska-Hawaii collaboration that has been going for the past five years in the Gulf of Alaska. And that project has proven of great importance to fisheries and oceanographic policy considerations. The Gulf of Maine project is seeking $1.5 million for fiscal year 1991.

Mr. Chairman, thank you for the opportunity to appear here today.

[The prepared statement of Mr. Glenn follows:]

TESTIMONY
SUBMITTED TO THE SUBCOMMITTEE
ON STATE, JUSTICE AND COMMERCE,
COMMITTEE ON APPROPRIATIONS,
UNITED STATES HOUSE OF REPRESENTATIVES

March 29, 1990

by

Gary A. Glenn
Massachusetts Centers of Excellence Corporation

INTRODUCTION

Thank you for the opportunity to offer testimony before this Subcommittee. I will briefly address two issues: first, the need to develop an institutional structure within which research and commercialization can occur in the marine electronics industry, and second, the need for new information relating to fisheries in the waters off Massachusetts, New Hampshire and Maine.

COMMERCIALIZATION IN MARINE ELECTRONICS

For the past three years, some of the nation's foremost scientists, engineers, and economists have been involved in an in-depth study of the United States marine electronics industry. This study has already produced a great deal of new information about the composition, structure and competitiveness of this important industry, and also about the structure of parallel industries in other countries, especially Germany, France, the UK, and Japan. Marine electronics is one of the fastest growing subsectors in the electronics industry, and will grow even faster as the demand for high quality instruments to carry out environmental testing and analysis increases. This is an industry where, with many product lines, the United States still has a strong position in world markets. But, as each day passes, competition from European and/or Asian products intensifies. Our companies can continue to prosper only by adapting to new circumstances, in particular to the need for better technical communication and information exchange with research institutions, government entities, and customers/users. It is clear that U.S. companies must utilize all available resources to the maximum extent, and this includes resources in colleges, universities, research laboratories, and governmental agencies as well as in the private sector. In order to stimulate this kind of partnership interaction the Consortium for the Promotion of Competitiveness in Marine Industries has been created as a mechanism to bring together business, academia, and government in a dynamic effort to ensure United States competitiveness in the marine economic sector.

The Consortium will build upon the highly successful research efforts underway for the past three years in the project "To Develop a National Marine Electronics Agenda." That project has involved private companies, state governments and academic research institutions in Massachusetts, Florida, Hawaii, and other states in collaborative research designed to identify areas of future commercial opportunity. The Consortium will utilize the substantial expertise now at our fingertips to stimulate competitiveness in carefully selected areas of the marine economy. The first three of these areas will be as follows:

(1) The Consortium will work with U.S. companies to develop, manufacture, and market products using the Global Positioning System (GPS). U.S. companies need to identify the market niches they can most effectively penetrate and hold, given the intense competition from Japanese and European producers. The key academic institution in this project will be Southeastern Massachusetts University which has developed one of the nation's strongest research programs focused on this revolutionary navigation system. Several advanced technology companies have already signed on to do the research and manufacturing of marine navigational products. The third partner will be a combination of state and federal government support.

(2) A huge demand is now building for instrumentation suitable for marine environmental monitoring. Coastal areas throughout the world are threatened by increased pollution levels, and coastal industries such as fishing, recreation, and water-use companies are suffering lost economic opportunity. Present instrumentation is inadequate to measure the nature and composition of the pollution, thus hindering appropriate remedial action. The

Consortium will call upon the academic resources of the Woods Hole Oceanographic Institution and the Marine Biological Laboratory, combined with industry involvement from nine companies, to find solutions to the needs for environmental monitoring instrumentation. The six New England states will assist in marketing new products resulting from this interaction throughout the world via state export promotion activities.

(3) As we know, Americans are now consuming even greater quantities of fish and fish products. Unfortunately last year, 70% of U.S. fish consumption was imported, representing a major negative factor in the balance of trade. One way we can reduce excessive reliance on foreign fish products is by applying new technologies to our own aquaculture industry. Aquaculture is by far the fastest growing sector of agriculture, and there is a high receptivity by farmers and suppliers to application of advanced technology, especially high tech instrumentation and computerized operations. As one of its first and most important tasks, the Consortium for the Promotion of Competitiveness in Marine Industries will work with five U.S. aquaculture instrumentation manufacturers to improve and expand their product lines. We will utilize the excellent resources of the Oceanic Institute in Hawaii to provide the technical and scientific expertise required.

In order to be effective, the Consortium must be a true partnership effort, mobilizing the intellectual and financial resources of corporate, academic, state governmental and federal bodies. Massachusetts, despite its current financial problems, is willing to invest in this important effort. At least fifteen companies and five academic institutions are prepared to help finance the effort. Those combined resources will cover two thirds of the costs, and we ask the federal government to put in the other one third, at a level of $750,000 during the 1991 Fiscal Year.

FISHERIES INFORMATION IN THE GULF OF MAINE

I would like to bring to your attention a related initiative being taken in the north Atlantic/Gulf of Maine region that will be supported by the Consortium for the Promotion of Competitiveness in Marine Industries. The project involves a collaboration among Maine, New Hampshire, Massachusetts, and Hawaii, and is entitled "Environmental Variability and Fisheries Recruitment: A Fisheries Oceanography Investigation in the Western Gulf of Maine." The project will fully utilize the experience and methodology developed through an Alaska-Hawaii collaboration in the Gulf of Alaska that has proven of great importance to fisheries and oceanographic policy considerations in that region. The Gulf of Maine project is seeking $1.5 million for FY 1991.

Mr. Chairman, thank you for the opportunity to testify before you today.

Mr. EARLY. Mr. Glenn, I appreciate your statement. The committee appreciates your statement. It just seems so basic that we look for cooperation between business, academia and the Government, but it does not work that way. And I really was impressed that your Consortium suggests that the Feds put up three-quarters of a million dollars, and that the businesses and five institutions would put up a million and a half.

Now, what would those five institutions be, what specific five institutions? We must be talking about privates.

Mr. GLENN. Yes. Both private and public. It includes some State universities, the University of Hawaii, Southeastern Massachusetts University, Woods Hole Oceanographic, MIT, and Worcester Polytechnic are involved in that project.

And the companies are mostly marine electronic manufacturing companies, such as Data Marine and Raytheon companies of that nature that are manufacturing instrumentation that need to have the partnership with State government, Federal Government and so forth.

Mr. EARLY. I am embarrassed to say that I did not know of Worcester Tech's involvement at all. The committee is always looking for that type of participation. This member never likes to fund a hundred percent of any program.

But that type of consortium—where the businesses and the institutions are putting their money where their mouth is—is really a constructive argument. And I want to thank you for your testimony.

Mr. GLENN. Thank you, Mr. Chairman.

THURSDAY, MARCH 29, 1990.

MARITIME ADMINISTRATION

WITNESSES

ADMIRAL F. H. MILLER, USN (RETIRED), MARITIME COLLEGE, STATE UNIVERSITY OF NEW YORK

GOVERNOR KENNETH CURTIS, PRESIDENT, MAINE MARITIME ACADEMY

ARTHUR DUROCHER, MASSACHUSETTS MARITIME ACADEMY

PROFESSOR JOSE FEMENIA, CHAIRMAN OF THE ENGINEERING DEPARTMENT, SUNY MARITIME COLLEGE

Mr. EARLY. Next we are going to hear from Admiral F. H. Miller, Maritime College, State University of New York.

Admiral MILLER. Good afternoon, Mr. Early. I am Admiral Miller of New York Maritime College, and will be speaking on behalf of the State Maritime Academies, superintendents and presidents.

With me today are Governor Curtis from Maine, Mr. Arthur Durocher from Massachusetts, and I have Professor Jose Femenia from New York.

We have submitted a written statement in regard to the Administration's budget proposals and, with your approval, I would like to summarize it here today.

Mr. EARLY. I appreciate that.

Admiral Miller. Thank you, sir.

First, Mr. Chairman, let me express our appreciation to the subcommittee for your support over the years. Again, this year, we solicit your support with an appropriation that is consistent with the Authorization Bill, H.R. 4205, which supports the State Maritime Academy system.

To sum up our position, we support the President's request for the State Maritime Academies, and request that you indicate in report language that the funds may be utilized for fuel for training ships. And we ask that you support the provisions of Authorization Bill, H.R. 4205.

We note with concern again that the Administration's budget proposes a phased-in sharing of two training ships by the five ocean-going academies. The Maritime Administration plans to implement ship sharing based on a ship sharing implementation plan dated August 1989. This plan inflates costs, is fraught with errors, and brushes aside our criticisms and concerns with such phrases as not an insurmountable task. We have little impact, or would have little impact, and there should be no disruption. MARAD made these determinations without visiting any of our academies.

The Administration's budget proposal states that the additional study required by the Maritime Administration's 1990 Authorization Act, Public Law 101-115, will be submitted 60 days prior to implementation of ship sharing in time for the assumed implementation of ship sharing in 1991.

The Maritime Administrator testified before the House Subcommittee on Merchant Marine on 14 March that the Administration intends to ship share regardless of the study's findings. It appears with no regard for the severe impact on our Nation's maritime education and training, and MARAD will mechanically meet a requirement, the new study, then implement ship sharing, thus taking Congress out of the decision process.

As we have noted over the past several years, ship sharing will wreak havoc upon the State Maritime Academies, upon the Nation's largest source of licensed officers. MARAD's plan eliminates eight months of alongside availability of the training ships that our cadets will take to sea. The quality of our training would decline, safety would be impacted, cost to the States and the students would increase, academic schedules would be in turmoil, the academic year would be lengthened at some schools, labor contracts would be affected, and we would longer meet the International Maritime Organization standards and training as certification for watch keeping for licensing.

Also, the plan would commit our Nation to training three-quarters of its fledgling marine engineers on steam vice the prime propulsion in use today, diesel, for the next 20 years.

The United States Coast Guard reviewed the MARAD's ship sharing plan and, in a letter to MARAD, dated 2 May 1989, stated their concerns for safety, adequate sea time, and the changes required at the schools.

Recall we have proposed cost-effectively using modulized all our air ships, that is Ready Reserve Force ships, dual purpose as training ships. The Navy and the Military Sealift Command, in writing to MARAD, have supported this proposal.

Subsequent to our testimony last year, we hired an independent contractor to put together a design concept using Roll on/Roll off ships available at no cost from the RRF. They require little physical change.

The modules we propose using are already in use in the industry today. In fact, two other independent contractors have concurred in the design, and state that it is Coast Guard approvable. Using MARAD's own cost from their August 1989 study, RRF dual purpose ships are most cost-effective than a federally-operated fleet of shared ships. Also, all the problems, including those noted by the Coast Guard, would go away.

At a time when the industry is demanding high quality, the Administration is forcing a reduction in quality and mediocrity on us. A plan which does not meet licensing requirements.

I should also point out the Navy made may buy up some ships, diesel ships in fact, that we can utilize as training ships at minimum conversion cost. This is allowed by the Code of Federal Regulations in the Maritime Education and Training Act, thus making MARAD's plan even more costly.

Good news. We cannot fill the job requests that we have from the industry today. This bears out all the studies over the past several years that there will be a shortage of licensed officers. We are seeing that shortage now.

In this regard, I would like to submit a letter from one of our Nation's largest maritime unions noting today's job opportunities, which I have here.

Mr. EARLY. We will include that letter in the record.

Admiral MILLER. Thank you, sir.

We are greatly concerned that the Administration is set to implement ship sharing. I cannot emphasize enough that it will be devastating to our Nation's maritime industry. We have proposed more cost-effective ways to fulfill our mission.

For the good of our Nation and the maritime industry, we want to be heard in this regard. And if our Nation is interested in saving money, we can help.

Again, we solicit your support for an appropriation consistent with Authorization Bill, H.R. 4205.

Thank you for the opportunity to testify, and we would be pleased to answer any questions.

[The prepared statement of Admiral Miller and additional materials follow:]

STATEMENT BY THE PRESIDENTS AND SUPERINTENDENTS OF THE STATE MARITIME ACADEMIES/COLLEGES OF CALIFORNIA, MASSACHUSETTS, MAINE, GREAT LAKES REGION, NEW YORK AND TEXAS

29 MARCH 1990

PRESENTED TO THE U.S. HOUSE OF REPRESENTATIVES

COMMITTEE ON APPROPRIATIONS

SUBCOMMITTEE ON COMMERCE, JUSTICE, STATE,
THE JUDICIARY AND RELATED AGENCIES

We, the Presidents and Superintendents of the State Maritime Academies/Colleges of California, Maine, Massachusetts, the Great Lakes Region, New York and Texas wish to express our appreciation for this opportunity to present our comments regarding the proposed budget for the Maritime Administration's (MarAd) program in Maritime Education and Training. We solicit your support of an appropriation that is consistent with the Authorization Bill, House Bill 4205 which supports the State Maritime Academy system.

We deeply appreciate the support of the Congress and look forward to working with you as we address our Nation's needs in regard to maritime education and training. We, the State Maritime Academies, produce the preponderance of the licensed officers in our Nation and are the prime recruiters and trainers for the industry.

To sum up our position, the following points should be made:

> We support the President's request for the State Maritime Academies and request that you indicate in report language that the funds may be used for fuel for training ships; and
>
> We ask that you support the provisions of the Authorization Bill HR 4205.

The past several years we have testified in regard to the growing shortage of merchant mariners. This growing shortage was clearly pointed out by the Commission on Merchant Marine and Defense as well as the 1986 Navy Merchant Marine Manpower Study and the GAO 1986 report on the Ready Reserve Force. These studies point out that the number of mariners required to be available to man our ships by the year 2000 will be reduced by one-half. Young vital dedicated men and women are needed to replace them.

The shortage of mariners is good news at the academies. Our placement figures are the best they have been in years; in fact, 97% of our graduates have jobs two months after graduation, the majority sailing or in the armed services. We simply can not fill the job requests we receive from the industry. We need your continued support to meet these needs.

Our Merchant Marine is an integral part of the mobile support forces available to the Navy. In addition, with our country's high level of commitments world-wide, the forces involved are dependent upon sealift for survival. If U.S. troops are withdrawn, the need for a Merchant Marine will be even greater as personnel and material would have to be transported back across the seas.

This year's proposed Maritime Administration budget provides adequate funding for the operation and maintenance of the deep water academy training ships; however, this is "bare bones," and represents a 24% reduction over the last several years.

We note with concern again this year that the Administration's Budget proposes a phased in sharing of two training ships by the five oceangoing academies. The Maritime Administration plans to implement ship sharing based on their August 1989 Ship Sharing Implementation Plan. This plan is fraught with errors and brushes aside our criticisms and concerns and erroneously inflates costs. Instead of a meaningful dialogue to discuss the issues, the Maritime Administration has responded with phrases such as "not an insurmountable task," "little impact," and "should be no disruption." The Maritime Administration makes such comments without even visiting one academy to review the operation.

The Administration's Budget Proposal states that the Training Opportunities Study required by the Maritime Administration 1990 Authorization Act (PL 101-115) will be submitted 60 days prior to implementation of ship sharing in time for the assumed implementation of ship sharing in 1991. The Maritime Administrator has stated in testimony before the Congress that the Administration intends to ship share regardless of the Study's findings. It appears, with no regard for this severe impact on maritime education and training, that they will mechanically meet a requirement, the new Study, then implement ship sharing. Thus the Congress will not be in the decision process.

If the Maritime Administration's strategy is to simply commence ship sharing 60 days after completing the Training Opportunities Study, we request that a special hearing be held during which we would be pleased to present more cost-effective alternatives to ship sharing. As we have noted over the past several years, ship sharing will wreak havoc upon the State Maritime Academies and thus our nation's largest source of licensed officers.

MarAd's ship sharing plan calls for PATRIOT STATE and EMPIRE STATE to service the schools in Maine, Massachusetts, New York, Texas and California. The Federal Government would partially man each ship and pay for their shuttling between schools except that no ship would ever visit the Texas school (instead the Texas students and their support would be moved to the ship in Maine at Federal expense). To hedge the occasional unavailability of a training ship in the proposed tight schedule, the 38 year old EMPIRE STATE, which is in unsatisfactory condition now and has been replaced as the New York training ship, would be programmed to be laid up in the National Defense Reserve Fleet (NDRF) on 60 day's activation. No replacement of this antiquated backup ship is considered by MarAd and no repair or activation funds are programmed.

It should be noted that the old EMPIRE STATE will be laid up on 60 day notice. Sixty days won't work because the involved academies' schedules will already be disrupted. The required changes in faculty and staff contracts, academic schedules and transfer student interfaces will adversely impact upon the various institutions' schedules. Schedules in an academic environment are not flexible and must be dependable.

Also in regard to the laid up EMPIRE STATE, it will probably cost $3 million to activate her.

As we have reiterated in testimony the last several years, the MarAd plan eliminates eight months of the availability of the training ships the Cadets will take to sea alongside at each school (total elimination at Texas) for watchstanding, day work and laboratory instruction. The National Transportation Safety Board investigated the causes of the 1982 Massachusetts training ship fire and found that such unavailability of the training ship adversely impacted on the safety of the students. In addition, the quality of training would decline, the costs to the students and States would increase, the academic year would be arbitrarily lengthened for some schools, state labor contracts would be affected and curricula would be forced to change. The schools would no longer have programs that meet the International Maritime Organization Standards of Training, Certification and Watchkeeping (IMOSTCW) for licensing. The qualifications and quality of State Academy graduates would decline.

The U.S. Coast Guard reviewed this plan and in a letter dated 2 May 1989 to the then Deputy Maritime Administrator stated their concern for safety and the need for additional sea time. The Coast Guard also noted that the schools would no longer meet the IMOSTCW requirements for license. It is obvious that these impacts would decrease the flow of students to and through these schools and reduce the current level of creation of licensed mariners. In the face of all these adverse results, the liability of the Federal Government would increase, the Federal manpower base would increase, the complexity of operation would increase and no clear cost advantage would accrue. Also MarAd's plan would commit our nation to training 3/4ths of its fledgling marine engineers on steam propulsion plants for the next 20 years instead of the prime propulsion in use today - diesel.

Over the last several years, we have proposed a cost-effective plan of using modulized Ready Reserve Force (RRF) ships as training ships. Over the last several years the Navy and Military Sealift Command have expressed interest in this plan.

Subsequent to our testimony last year, we hired an independent contractor to review our thoughts as to dual-purposed modulized RRF/Training Ships and to develop a concept design with costs using industry, U.S. Coast Guard and American Bureau of Shipping criteria. In addition to this contractor, we have had two manufacturers of modular units review the concept and they have found it practical and Coast Guard approvable. Because the least amount of physical change, (i.e. nothing elaborate is required) Roll on/Roll off (RO/RO) ships were selected. The Navy has already completed modular research and development. The advantages are many utilizing modular 40' living modules already in use in the industry today. With individual heating, ventilation and air-conditioning, they can exhaust into the heavily ventilated tank decks of a RO/RO ship. The tank decks can easily handle 40' containers and they can be rapidly moved on or off. The decks don't need reinforcement - there are no high point loads. RO/RO ships have ballast systems already built in.

Using RO/RO ships and MarAd's own cost figures in their August 1989 Ship Sharing Study, the dual-purposed modulized RRF/Training Ship plan proposed by the State Academies is about $1 million cheaper a year than the two ship sharing plan. Also all the problems, i.e. safety, training, meeting license standards, liability, etc., go away.

We should also like to point out that Federally-owned ships, including Naval vessels, are expected to become available in the near term. Certainly some could be utilized with very little conversion costs involved. This would be considerably more cost-effective than MarAd's two ship sharing plan and again all the adverse impacts on the academies would go away.

Under the 1980 Federal Maritime Education and Training Act, the Federal Government provides funding to the State Maritime Academies for:

1. A training ship plus ship's maintenance/repair and fuel money when authorized (Great Lakes excluded) to allow our Cadets to meet the Federally mandated "sea time" license requirements.

2. $100K per school for administration of a State Nautical School.

3. Student Incentive Payments ($100/mo) for students accepting commissions in the U.S. Naval Reserve/Merchant Marine Reserve.

In terms of Federal expenditures, the State Maritime Academy system is our Nation's most cost-effective system to produce licensed officers, officers already noted by experience and every study to be in short supply.

Over the last several years, the State Academies have produced on the average over 500 licensed officers per year at an average cost of $8.5 million/year. From among those graduates who accept commissions, approximately 50, or 10%, volunteer for active duty in the Navy or Coast Guard. Each of these accessions from the U.S. Naval Reserve/Merchant Marine Reserve program is achieved at maximum total cost in Student Incentive Payments of approximately $4,500 over four years, a considerable savings to the Nation over any other source of mariners fully qualified for immediate sea duty and leadership roles. This is our Nation's most cost-effective commissioning source and a very valuable contribution to our security. Our students pay tuition and fees for their education, including training cruises, naval science courses and attend eleven month academic years which deprive them of the opportunity for summer employment. In fact, our students pay more than the Federal Government does. They earn Federal licenses along with their degrees while in a uniformed and disciplined environment. The respective states and industrial sources contribute the balance of academy expenses over tuition. The Federal Government's share, including student subsidies, ship maintenance and repair is cost-effective. This sharing of effort represents one of the best bargains available to the Government.

We submit that the continued existence of our State supported institutions assures our Nation's most economical, cost-effective method of producing Merchant Marine officers. We believe that our students return far more to the economy and the National defense needs of our Nation than they cost and that the survival of the State Maritime Academies is in the national interest.

These matters are of extreme importance to our continued well being. The State Maritime Academies and Colleges at minimal Federal cost have produced and will continue to train outstanding officers for service in the maritime industry, afloat and ashore, the U.S. Navy and Coast Guard, NOAA and other service related organizations.

We appreciate your past support and trust that we may continue to receive your confidence and support in the future. We ask that you carefully review the cost-effectiveness and feasibility of our Training Ship proposals and work with us before making any decision for ship sharing. We want to continue to meet the requirements of our Nation's Maritime Industry.

We would be pleased to assist you in any studies you may wish to undertake with regard to the matters we have raised and would be happy to have the opportunity to discuss our situation with you and your staff at your convenience. We trust you will give our requests and our views your favorable consideration.

District 2

MARINE ENGINEERS' BENEFICIAL ASSOCIATION - ASSOCIATED MARITIME OFFICERS

AFL-CIO

490 L'ENFANT PLAZA EAST, S.W. SUITE 3204, WASHINGTON, D.C. • 20024
PHONE (202) 479-1166 FAX (202) 479-1136

RAYMOND T. McKAY
President

JEROME E. JOSEPH
Executive Vice-President

October 10, 1989

Admiral Floyd H. Miller, USN (Ret)
President
SUNY Maritime College
Fort Schuyler
Bronx, NY 10565

Dear Sir:

1990, as was the case for the Class of 1989, will present an unusual amount of job opportunities for graduates of your School. Our organization, as you know, represents licensed deck and engine officers employed aboard U.S. Flag vessels. We have many deep sea and Great Lakes vessels under contract upon which we are contractually obligated to supply licensed officers.

Job opportunities of 1989 went begging and we do not want to have a repeat of same in 1990. Therefore, we would like to make arrangements in order to discuss job opportunities and the U.S. flag merchant marine with the graduating class.

If this is desirable, please contact me at your earliest convenience so that arrangements can be made.

Very truly yours,

DISTRICT 2, MEBA-AMO

Jerry

Jerome E. Joseph
Executive Vice President

JEJ:cds

cc: RTM
MHP

Mr. EARLY. Well, thank you for your statement, and I am delighted to see Governor Curtis here with you today. Governor, I have such tremendous respect for your judgment as far as having been such a successful Governor. If you want to, briefly, I would appreciate your remarks if you want to just confirm what the Admiral has said.

Governor CURTIS. Thank you, Congressman. I certainly appreciate the opportunity that we have had to work together over the years, and I have watched your career with admiration from a little bit north of Massachusetts.

Admiral Miller is exactly right. I came to the Maritime Academy in 1986. At the time, we were having serious enrollment problems; the job market was poor; and this was my first and last venture into higher education. But I would have to say that an awful lot of the problems we have had over the last three years—and you remember two years was the funding request from the President of zero—really emanated from OMB. We have had pretty good support for MARAD, but every time we make progress, it seems like OMB gets in the act.

This is the holdover. Ship-sharing and other items have been designed, in my opinion, to try to make it more difficult for the State schools to operate. And I find that appalling.

Mr. Leback, who is our new administrator, is very cooperative, very able, and very schooled, yet we see sentences and phrases coming from him that we know where they are drafted. I think if we could just work with the Congress, if we could just work with the President's appointee, we could save these schools. We could perform training in a very much less costly way and much more efficient way.

One of the problems with ship-sharing, just as an example, is that too old ships, one for three schools on the East Coast, will not operate on schedule. They will have problems. There would be Federal crews placed on board these two ships. One crew won't be enough for 365 days a year, so that will mean two crews. Two crews means a whole new staff in MARAD to run this new training ship division, create tremendous turmoil between the masters of our vessels. We all know how hard it is to discharge a Federal employee in this day and age. And the captain had great difficulty in maintaining his standards of the Federal employee that a captain of a training ship can over his own employees.

It is just a mess. It is not designed to do anything constructive. It is designed to really hurt the State school, which has been the attempt that I have seen for nearly four years now.

So I think what Admiral Miller was saying is that there are a lot of very cost effective alternatives, and if somebody would listen and somebody would work in good faith, those could be realized.

Mr. EARLY. Thank you, Governor, for your statement.

Admiral, I thank you for your statement. In Washington, two committees meet at the same time, as the Governor knows, and HHS was meeting the day that MARAD came here. And for you to say in your statement that MARAD said that they didn't care about ship-sharing despite what the study said—I am a critic of studies. I mean, why do them if we are not going to pay any attention to them? So I am going to look into that, Admiral.

And I want to ask you, Admiral, you spoke a little bit about the Coast Guard, but you didn't say how they feel on ship-sharing. Do they have an opinion on ship-sharing?

Admiral **Miller**. Yes, sir, they do. In fact, this is the letter that is dated 2 May, and they have grave concern over safety. And I will read this. This is on page 5. "A final area of concern is safety. Cadets are required to perform the duties of a ship's crew," and it goes on about how difficult they see that it will be. They talk about the fact that we will not need sea time.

Mr. **Early**. Do you have any trouble with any other content of that letter as far as including that letter in the record?

Admiral **Miller**. No, sir. In fact, I have an extra copy in here, and I will take it out.

Mr. **Early**. Fine. I would like that in the record.

[The information follows:]

[illegible]
(202) 267-[illegible]

16721

MAY 0 2 1989

Mr. William Creelman
Deputy Administrator
Maritime Administration
Department of Transportation
Washington, DC 20590

Dear Mr. Creelman:

This is in answer to your letter of February 17, 1989 in which you presented several specific questions regarding MARAD's proposed ship-sharing implementation plan.

The first concerns 46 CFR 166. This section describes in general terms the training conducted at the enumerated schools (school ships) and states that as the training, as described, meets the requirements for the rating of "able seamen," "qualified member of the engine department" or lifeboatmen as appropriate. No change to this section is necessary; however, should the ships-sharing plan be implemented, the five programs affected would have to be reevaluated.

The proposed guidelines we received from MARAD for sea time equivalency, were apparently those contained in the ship sharing implementation plan. An analysis follows:

1. BACKGROUND: There are five state maritime academies and colleges which prepare students for oceans licenses, and are, therefore, effected by the International Maritime Organization (IMO) Standards of Training, Certification and Watchkeeping (STCW) Convention. It has been our position that the license programs are affected by STCW regardless of whether the convention is adopted by the U.S. because of the international nature of oceans licenses and the necessity of having our merchant marine credentials accepted by signatory countries. These colleges and academies have been in existence for a long time, up to one hundred and fifteen years, have served our nation well and are the backbone of this country's system of maritime education. Each of these schools has its own training ship which is used as a training aid while the students are ashore during the academic year in addition to being the platform on which the students get the majority of their sea time.

2. STCW Requirements: The requirements for an unlimited deck officer's license are more stringent than those required for an Engineer's License and are therefore the controlling factor. Three years of sea service is required. Two of the three years can be substituted with a program of "special training." The remaining year must be sea time with at least six months of bridge watchstanding. Each country has the right to retain or adopt other educational and training arrangements that are equivalent to the convention.

3. Current Status: Federal regulations (46 CFR 166 & 10) state that the training programs at the schools were found to be acceptable. MARAD has maintained more detailed oversight over the schools curriculum including regulations delineating the minimum number of required sea days. Each state school was asked to develop an equivalency package based on their training program for joint Coast Guard, MARAD review. During 1982 the California, Maine, New York and Texas programs were reviewed and found acceptable. The letters to the schools merely stated that their programs were found to be acceptable equivalents as a whole without detailed comment on equivalent sea time. In view of the hundreds of years of aggregate experience in successfully training merchant marine officers, there is justification in accepting the whole program as existing equivalent training.

Article IX of STCW deals with "Equivalents" and allows each nation broad latitude to retain or adopt substitute training as long as the degree of safety and pollution protection is equivalent to the requirements of STCW. Based on their proven performance in turning out qualified merchant marine officers, the schools can be judged as meeting the STCW requirements even if there are some technical shortfalls. Any major change to the program would preclude reliance on this known factor, i.e., the history of producing qualified merchant marine officers. Removing the individual Training Ships from the school ship would constitute such a major change.

4. Ship Sharing: MARAD has developed a plan where the five state schools would share two training ships. This is a major change in the program and calls for a "zero based" analysis of STCW equivalency. We have had several meetings with MARAD and identified questions that must be addressed prior to the process of counting "sea-days" or their equivalent. The first is the Coast Guard role in the approval process. While detailed oversight of the academies is a MARAD function, the Coast Guard has responsibility to insure that the programs meet the national licensing requirements, and the international STCW requirements.

a. There are two distinct requirements expressed in STCW, one is the program of "special training" as a substitute for two years of sea time. The academies academic programs have been accepted for this purpose. This is that part of the program carried out during the normal academic year. Up to now each school has used the training ships (while moored) as an essential training aid during this part of the program. Ship-sharing will have an impact on this "special training". The amount of time the ships are used for training while moored at the academies is as follows:

(1) California Maritime Academy

D-115 Seamanship Lab	90 hours	Training Ships
D-116 Seamanship Lab	45 hrs(90 hrs)*	Training Ship/Motor Launch
D-215 Seamanship Lab	45 hrs.	Training Ship
D-226 Advanced Seamanship	45 hrs.	Training Ship

D-211	Electronics Equipment Operator	45 hours	Training Ship
D-325&326	Shipboard Management Lab.	90 hours	Training Ship
		360 Hours	

*Assuming 1/2 of D-116 is given in motor launches

(2) Maine Maritime Academy

NS-110	Ship's Seamanship Lab and Maintenance I	96 hrs.	Training Ship
NS-310	Ship's Seamanship Lab and Maintenance I	96 hrs.	Training Ship
		192 hrs.	

(3) State University of New York, Maritime College

NS-101	Operations I	60 hrs.	Training Ship
NS-205	Terrestial Navigation	60 hrs.	Training Ship
NS-206	Operations II	60 hrs.	Training Ship
M-311	Meteorology for Mariners	75 hrs.	Training Ship
N-301	Celestial Navigation	60 hrs.	Training Ship
NS-306	Operations III	60 hrs.	Training Ship
NS-312	Advanced Marine Navigation	45 hrs.	Training Ship
N-402	Advanced Marine Navigation	45 hrs.	Training Ship
NS-408	License Seminar	60 hrs	Training Ship
		525 Hrs.	

(4) Texas Maritime College

Navt-103	Maritime Orientation and Lifesaving	48 hrs.	Training Ships*
Navt-203	Seamanship I	48 hrs.	Training Ships*
Navt-301	Seamanship II	48 hrs.	Training Ships*
Navt-302	Seamanship III	48 hrs.	Training Ships*
Navt-404	Advanced Navigation Lab.	48 hrs.	Training Ships*
Mart-302	Marine Cargo Operations I	48 hrs.	Training Ships*

Mart-406	Marine Cargo Operations II	40 hrs.	Training Ships*
		236 hrs.	

*These labs are held on the Training Ship or when available commercial vessels in the local area. Massachusetts Maritime Academy - the program was not submitted for evaluation.

(5) Ship-sharing will constitute a major modification to the currently pproved programs. To maintain an acceptable level of training and continue to have e academic programs credited for two years of sea time, these programs will have o be reevaluated. The schools are presently using their training ships from 192 ours to 320 hours in their academic programs. If the ships are no longer available n acceptable substitute will have to be found. STCW requires that the period of special training" be equivalent in value to the two year sea-going service it eplaces. It appears that each of the four schools reviewed will require justments to their academic program (the two year equivalent) to fill the void aused by not having the training ships alongside to use as a laboratory. Suitable lternative training aids will have to be found for use during periods that range rom 192 to 320 hours.

b. The second requirement of STCW refers to the remaining one year of pproved sea-going service. At least six months of the total has to be bridge tchkeeping duties under the supervision of a qualified officer. With ship sharing proposed, the schools will obtain the following sea time.

(1) California Maritime Academy
Training Ship Cruises
Underway days
3 cruises X 50 days X 1.5 Training factor = 225

Inport days
3 cruises X 13 days = 39

Pre-cruise
3 cruises X 4 weeks X 5 days per week = 60
324 days

36 days in addition to the academic program are needed.

(2) Maine Maritime Academy
Training Ship Cruise
Underway days
2 cruises X 50 days X 1.5 training factor = 150

Inport days
2 cruises X 13 days = 26

Pre-cruise
2 cruises X 4 weeks X 5 days per week = 40

Commercial Shipping 60 days = 60
276

84 days in addition to the academic program are needed.

(3) State University of New York Maritime College

Training Ship Cruise	
Underway days	
3 cruise X 50 days X 1.5 training factor =	225
Inport days	
3 cruises X 13 days =	39
Pre cruise	
3 cruises X 4 weeks X 5 days per week	60
Fourth Class Indoctrination	
Pulling Boat and Sailing =	1
Yard Craft Training Tug Experience	
Fourth Class indoctrination Voyage =	1
Third Class Navigation Voyage =	1
Second Class Rules of the Road Voyage	1
First Class Watchstanding and Shiphandling Voyage	2
	330

Without the use of the Training Ship the following programs outside of the academic program could not be accomplished;

Fourth Class Indoctrination	
Shipboard Orientation =	1
Ship Maintenance Saturday	
2 days X 3 years =	6
Inport watchkeeping aboard	
Fourth Class year =	4
Second Class year =	19
	30

29 days in addition to the academic program are needed.

(4) Texas Maritime College

Training Ship Course	
Underway day	
3 cruises X 50 days X 1.5 training factor	225
Inport days	
3 cruises X 13 days	39
Pre-cruise	
3 cruises X 4 weeks X 5 days per week	60
	324

36 days in addition to the academic program are needed.

Each of the schools will require additional sea time as indicated to meet the requirements of the Convention. In short, under the proposed plan the schools would no longer meet the STCW requirements for licenses.

5. Safety: A final area of concern is safety. Cadets are required to perform the duties of the ship's crew during the training cruise. The present situation allows the cadets to become familiar with all aspects of the training ship during the

academic year. This is especially important to the fourth class cadets since they have not been to sea before. Safety of the personnel aboard the training ship is a primary concern of the Coast Guard.

It will be difficult to achieve the same level and depth of familiarization in a few weeks as that which is obtained during the academic year. One alternative for this training is to structure a familiarization and indoctrination course over a two to three week period. Typical pre-cruise preparation is heavily compressed and includes maintenance, loading stores and supplies, cadets moving on board and similar activities which limit valuable training time. The training ship must be available for this course. Suggested topics for such a familiarization and indoctrination course are:

Deck and Engine
Participate in fire and boat drills; lower and recover lifeboats
Operation of fixed fire fighting systems
Participate in damage control exercises
Vessel familiarization
Operation of fire detection system
Operation of steering systems
Operation of WT + FS doors
Watchstanding
Walk through all spaces
Locate and operate emergency escape latches/doors
Assignment to Watch, Quarter and Station Bill positions

Engine
Operation of fire pumps
Operation of generator (including emergency generator)
Tracing piping systems
Inspection of engineering safety equipment
Practicing casualty control procedures
Operation of lifeboat motors

Deck
Use of deck machinery and cargo gear
Use of installed navigational equipment
Inspection of boats and topside safety equipment
Familiarization with ships documents
Use of lifeboat handling gear

In summary, it is our position that the training currently provided students attending the school ships is a reasonable "equivalent" and satisfies the requirements of [illegible]. Should the ship-sharing plan be implemented, however, major changes will have to be made to the curriculum and facilities for the schools to continue to meet licensing requirements.

Sincerely,

J. D. SIPES
Rear Admiral U.S. Coast Guard
Chief, Office of Marine Safety,
Security and Environmental Protection

Mr. EARLY. It also is very encouraging to hear about a surplus of jobs.

Admiral MILLER. Yes, sir.

Mr. EARLY. I was not aware of that either.

Governor CURTIS. The same thing is true, our graduating class is in April. We have companies coming in wanting to hire immediately on license 20 or 30 students. And we just won't be anywhere near that number. In fact, many of our students are wrestling over three or four job offers.

Admiral MILLER. I would say that practically all of our May graduates that are coming up this may now have four offers of jobs.

Mr. EARLY. That is great. As a parent of two kids that graduated last year from other colleges, good luck finding a job. I am not sure they are looking so hard, but——

[Laughter.]

Mr. SMITH [presiding]. That is interesting.

Have either one of you read the article in the *New Yorker*?

Admiral MILLER. No, sir. It is laying on my desk. I have not had a chance to read it yet.

Mr. SMITH. My wife pointed it out to me. And according to that article, there are some graduates who go a full year without finding a job at this.

Admiral MILLER. That is something interesting. That letter that I just introduced for the record from one of the major maritime union says that they will take everybody they have—may I have that back?

Mr. SMITH. Oh, I do not know. I read, you know, I read this article quickly because I am not primarily interested in seamen. But I read this article and it told about how they go from Boston to New York to Charleston, South Carolina, putting down their card, and waiting and waiting and hoping to get one. And the older the card is, the better opportunity they have to bid, and they might not even get one until the end of the year. They might be out of that job a whole year.

Admiral MILLER. I would say that he wrote that book two years ago. The books closed two years ago when there on my campuses we were recruiting, asking, looking for engineers and mates and——

Mr. SMITH. Where do these jobs come from? We do not have more ships, do we?

Admiral MILLER. I think a lot of people retired, and the other end of this would be that others——

Mr. SMITH. I have no idea, you know. These two things do not seem to be consistent.

Admiral MILLER. As I stated earlier, that all of the studies have shown that there will be a shortage of licensed officers. They are shorting. We are seeing that already.

Let me just read one sentence, and this is one sentence out of this union letter.

"Job opportunities of 1989 went begging, and we do not want to have it repeated the same in 1990."

Mr. EARLY. I want to thank both of you for your testimony.

Governor CURTIS. Thank you.

Admiral MILLER. Thank you, sir.

THURSDAY, MARCH 29, 1990.

NOAA

WITNESSES

HON. DANIEL K. AKAKA, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF HAWAII

BILLE HOUGART, OCEANIC INSTITUTE OF HAWAII

Mr. EARLY. Next we are going to hear from Congressman Daniel Akaka, a distinguished member of the Appropriations Committee. And he has a guest, Mr. Bille Hougart of the Oceanic Institute.

Mr. AKAKA. Thank you very much, Mr. Chairman. I appreciate the opportunity to testify before this Committee on the fiscal year 1991 budget for the East-West Center and National Oceanographic and Atmospheric Administration programs that are of importance to Hawaii.

With me today is Mr. Bille Hougart of the Oceanic Institute in Hawaii. Bille has a statement which I endorse.

I thank this subcommittee for the long-standing support it has shown the State of Hawaii. And I will submit my statement for the record and will summarize it at this time, Mr. Chairman.

Mr. EARLY. All right.

Mr. AKAKA. In the past, I have testified before this subcommittee on a number of programs under NOAA's jurisdiction of relevance to Hawaii, Coastal Zone Management Sea Grant, fisheries research, Hawaii Underseas Research Laboratory, and the National Weather Service.

Unfortunately, the Administration has yet to see the light, and again I am compelled to ask for your help in restoring full funding for these vital programs.

Of particular concern to me is proposed elimination of the NOAA Underseas Research Program. And this may be that the Administration has refused to recognize that the private sector simply does not have the capacity to support a research program of this kind. The loss of this activity would mean that research activities conducted in Hawaii and other coastal areas critical to seafloor exploration and resource conservation would cease.

The Hawaii Undersea Research Laboratory, HURL, is an integral component providing valuable data on deepwater marine processes of the mid-ocean tropical islands. HURL is expanding its deepsea research capability by building a dedicated mother ship expected to be operational by January 1991. This dedicated submersible support ship will open up the exploration of Hawaii's 200-mile Exclusive Economic Zone, enabling the PISCES V submersible to operate at greater distances than its present one day's sailing from port.

Currently, HURL is able to study only 10 percent of Hawaii's EEZ. As you know, Hawaii's EEZ contains hundreds of seamounts, home of cobalt-rich manganese crusts, and a great variety of fish and benthic fauna. The potential of these fish populations as a fisheries resource and the possible effects on these fauna by any future mining of the cobalt-rich manganese crusts must be fully explored.

Another budget concern is the Administration's proposal to consolidate their National Weather Service's Pacific Region Headquarters with the Alaska Region, and to eliminate funding for the operation and maintenance of Hawaii's four deep ocean weather data buoys.

The NWS Pacific Region Headquarters is responsible for serving the entire Pacific Basin, including Hawaii, Midway, Wake Island, American Samoa, Guam, and the Commonwealth of the Northern Marianas. These areas are extremely vulnerable to natural disasters, and their geographic isolation exacerbates the possibility for devastation.

It is simply irresponsible and naive for the Administration to believe that a headquarters in Alaska can effectively monitor the unique weather conditions in the South Pacific. The climatology is so vastly different between the two geographic locations that it requires an altogether different knowledge of meteorologic conditions.

As for the Weather Data Buoys, Hawaii is the only State completely surrounded by water. It makes no sense to take away these buoys. They are so heavily relied upon by our State's residents and commercial and recreational boaters. These buoys provide up to the minute information on atmospheric and sea conditions that at times can be life threatening.

I cannot emphasize enough the value and importance of these advanced data gathering buoys to Hawaii.

In closing, I would like to thank you, Mr. Chairman, members of the subcommittee for the opportunity to appear before you today. I hope that you will concur in the merits of the programs included in my testimony. And would like to have Mr. Bille Hougart explain his project.

[The prepared statement of Mr. Akaka follows:]

HONORABLE DANIEL K. AKAKA
TESTIMONY BEFORE THE SUBCOMMITTEE ON COMMERCE, JUSTICE, STATE AND THE JUDICIARY

MARCH 29, 1990

Mr. Chairman and Members of the Subcommittee on Commerce, Justice, State and the Judiciary, I appreciate the opportunity to appear before you to testify on the fiscal year 1991 budget for the East-West Center and programs under the jurisdiction of the National Oceanic and Atmospheric Administration (NOAA).

EAST-WEST CENTER

Let me begin by thanking the Subcommittee for its continued support of the East-West Center. I would also like to extend my appreciation to the staff of the United States Information Agency for their assistance to the Center.

As the Center begins its fourth decade, it has distinguished itself as an educational institution uniquely qualified to conduct research, offer training, facilitate inter-cultural exchange, and monitor social, economic, and cultural developments in Asia and the Pacific. Success in penetrating legal and cultural barriers is dependent upon our sensitivity to the economic, political, and cultural diversity which characterizes the Asia-Pacific region. Impressive research achievements, internationally-recognized faculty and associates, and a network of over 25,000 alumni have earned the Center the trust and confidence of government officials, academics, and the media in the United States and abroad.

The Center staff recently completed a strategic plan which ensures that their programs anticipate and meet the needs and conditions of the 21st Century. As part of its education and international relations initiatives, the Center has planned research projects and conferences addressing the environmental costs of economic development, the energy needs of Pacific Island nations, and population changes in Asia. I am confident that the East-West Center is poised to play a key role in identifying and resolving the critical issues arising as a result of developments and changes in bilateral and multilateral relationships between the nations of Asia and the Pacific.

A deeper knowledge and sensitivity of the region are essential if the United States intends to respond successfully to the opportunities in the Pacific. There is also a corresponding need in the Asia-Pacific region for a multi-dimensional understanding of the United States.

The East-West Center, a nonprofit educational corporation, receives its primary funding from an annual Congressional appropriation. In recognition of its invaluable contribution to research and education, the Center's authorization was increased for both FY 1990 and FY 1991. An appropriation of $26 million is authorized for FY 1991.

In summary, I support an appropriation of $26 million for FY 1991 which will allow the Center to expand its research and educational programs. However, in no event should the FY 1991 appropriation be set below last year's level of $20.7 million.

NOAA
NATIONAL OCEAN SERVICE

Coastal Zone Management

The Coastal Zone Management (CZM) program is targeted for reductions totalling $4.9 million, and I ask that funding for this program be restored for FY 1991.

The CZM program has been responsible for developing a strong partnership between the federal government and the states for the rational management of our nation's coastal areas. It has been instrumental in protecting the environment and wetland resources, controlling coastal pollution, and a host of other critically important resource management policies.

I believe that CZM is vital for the ongoing protection of our coastal and marine resources and deserves continued federal support.

NOAA
NATIONAL MARINE FISHERIES SERVICE

Asian Aquaculture Exchanges (Oceanic Institute)

Mr. Chairman, no one can question that America's growing taste for seafood products is a clearly identifiable trend that is here to stay. Unfortunately, as consumption of seafood products has risen dramatically over the past two decades, the increase in demand has been met largely by imports.

As the U.S. aquaculture industry "gears-up" to satisfy the demand for fresh seafood products, an important opportunity is being overlooked. Asian countries such as Indonesia, Taiwan and Thailand have centuries of practical experience in marine and fresh water aquaculture. The Aquaculture Exchange program offers an innovative and cost-effective means of acquiring a wealth of technical information on well-established aquaculture practices. Developing such experience on our own would take countless dollars and many years of research. Even if such an investment were possible, there is no certainty that we could achieve the same level of success enjoyed by aquaculturalists in Asia.

The FY 1991 budget proposes that this program be terminated in the coming year. This is a shortsighted recommendation Mr. Chairman, and I ask the Subcommittee to restore this program to the level of $282,000.

Mahimahi Export Strategy

Mahimahi is a popular marine finfish common to tropical and subtropical seas. Because of its strong consumer acceptance, mahimahi sales represent a rapidly expanding market.

Researchers at the Oceanic Institute have targeted this species for the development of commercial mass-culture technology because biological and economic factors indicate it is an excellent candidate for aquaculture. Federal research began in FY 1988 and is designed to establish a consistent source of supply to satisfy the growing market for this fish. The continuation of this research is essential if the scientific and technical obstacles to the development of an aquaculture program for this species are to be overcome.

Mr. Chairman, I ask that the budget for the Mahimahi Research program be restored to the FY 1990 level of $188,000.

Hawaii Stock Enhancement

Over the past decade, there has been a pronounced decline in the availability of coastal fish and the number of landings in Hawaiian waters. As one who avidly fishes these waters, I can attest to these dramatic changes.

Recent research indicates that maximum sustainable yields are being exceeded for a number of species of importance to Hawaii. The development of a comprehensive program of stock enhancement and the establishment of a strong fisheries management program appear to be the best way to remedy this problem.

With funds made available by this Subcommittee, the Oceanic Institute has successfully identified two species that are top candidates for further stock enhancement research. In FY 1990, work has continued in the areas of tagging techniques, pilot-scale release experiments, data collection and assimilation, and rearing techniques.

In FY 1991, a substantial increase is necessary to implement the stock enhancement plan. I ask that $800,000 be provided in FY 1991 to carry out this important work.

Pacific Island Network

At the recommendation of NOAA, the Pacific Island Network (PIN) was formed in September 1987 to facilitate the delivery of federal government programs of technical assistance for marine and coastal interests in the Pacific Islands. PIN's activities are coordinated through the University of Hawaii Sea Grant

College Program and assisted by National Marine Fisheries Service, Honolulu Laboratory.

PIN has deployed agents in Guam, American Samoa, the Federated States of Micronesia (FSM), the Commonwealth of the Northern Mariana Islands, and Kosrae. Two more agents will soon be designated to the Republics of the Marshall Islands and Palau. Their expertise has assisted in the development of a computerized tide information network for Micronesia, coastal resources management programs in the islands, and a sponge aquaculture program in the FSM. Future projects include the development of computerized tide chart programs for all islands, conservation curriculum models for islands and atolls, and island resource management planning for Kosrae and Yap States.

PIN promises to deliver substantial long-range benefits to the islands, and it is only appropriate that their budget needs are earmarked under NOAA. I ask that the Subcommittee appropriate $150,000 for FY 1991 to sustain this program.

NOAA
OCEANIC AND ATMOSPHERIC RESEARCH

Sea Grant

The President has proposed to decrease federal funding for the Sea Grant program by $14,759,000 under the guise that this would meet the needs of a restructured National Sea Grant College. I strongly disagree.

The Sea Grant program has been one of the most successful programs created by Congress. It has a long-term record of innovative contributions to the well-being of the nation's marine sector. The program pioneered the concept of industry/university partnership that is increasingly recognized as a prerequisite for national economic growth and development. According to a recent appraisal, the program generated in gross business revenues and savings an amount twenty times larger than the appropriations spent on the program in 1987. The Sea Grant program has been and will continue to be a major source of research and expertise in the areas of fisheries recruitment, underutilized species, seafood product improvement, quality and safety, estuarine processes, critical habitat, coastal processes, ocean technology, and marine policy.

I am particularly proud of the University of Hawaii's contribution to the success of the Sea Grant program. The University has been an effective catalyst in implementing national goals within the State and Pacific regions. They have undertaken projects that have been extremely important in understanding the ocean environment and in developing the use of marine resources at the local, state and national levels.

I ask the subcommittee to oppose this reduction and restore full funding for the Sea Grant program.

NOAA Undersea Research Program

The President's FY 1991 request proposes to terminate the NOAA Undersea Research Program under the assumption that this program should be funded from other resources. Mr. Chairman, I am dismayed that the Administration has not recognized that the private sector simply does not have the capacity to support a research program of this kind. The loss of this activity would mean that research activities conducted in Hawaii and other coastal areas critical to seafloor exploration and resource conservation would cease.

Hawaii Undersea Research Laboratory (HURL)

I would like to thank the Subcommittee for its support of Hawaii's Undersea Research Program. Although the Administration has requested the termination of the National Undersea Research Program, I urge the Subcommittee to continue this program and provide HURL with an appropriation of $3 million for FY 1991 to continue its scientific research and exploration presently underway in the Pacific. HURL is the only undersea laboratory in the world whose sole mission is to study deepwater marine processes of the mid-ocean tropical islands.

HURL currently has two deep-diving submersibles and is expanding its deep sea research capability by building a dedicated mother ship which is expected to be operational by January 1991. Deployment and research in the northern end of the Hawaiian chain is being planned for May 1991. This dedicated submersible support ship will enable the PISCES V submersible to operate at greater distances than its present one day's sailing from port. Currently, HURL is restricted from studying nearly 90 percent of Hawaii's Exclusive Economic Zone. It is imperative that necessary funds are appropriated so that HURL can fully investigate the Pacific region's potential in the area of seamounts, as well as other bottom fisheries in the 200-mile EEZ.

As you know, Hawaii's EEZ contains hundreds of seamounts, home of cobalt-rich manganese crusts, and a great variety of fish and benthic fauna. The potential of these fish populations as a fisheries resource and the possible effects on these fauna by any future mining of the cobalt-rich manganese crusts must be fully explored.

NOAA
NATIONAL WEATHER SERVICE

Pacific Region Headquarters

The Administration proposes to consolidate the National Weather Service's Pacific Region Headquarters with the Alaska Region. Mr. Chairman, this ludicrous proposal has been presented for the last seven years, and once again, I am asking you to restore this cut because the reasons for rejecting the proposed changes are just as compelling now as they were in the past.

The Pacific Region Office is responsible for serving the entire Pacific Basin. In addition to Hawaii, Midway, Wake Island, American Samoa, Guam, and the Commonwealth of the Northern Marianas fall under their jurisdiction. These areas are extremely vulnerable to climatic natural disasters, and their geographic isolation exacerbates the potential for devastation. It is simply irresponsible and naive for the Administration to believe that a headquarters in Alaska can effectively monitor the unique weather conditions in the South Pacific. The climatology is so vastly different between the two geographic locations that it requires an altogether different knowledge of meteorologic conditions. I urge the Subcommittee to soundly reject this misguided proposal.

Hawaii Weather Data Buoys

The Administration has proposed to eliminate funding for the operation and maintenance of Hawaii's four deep ocean weather data buoys. This is a dangerous and ill-conceived idea, Mr. Chairman.

Hawaii is the only state completely surrounded by open water. These buoys are heavily relied upon by our state's coastal residents and commercial and recreational boaters to provide important information on atmospheric and sea conditions. Removing our buoys would be the equivalent of sending a ship to sea without navigational equipment.

In addition to terminating Hawaii's weather data buoys, the Administration has requested a reduction of $540,000 for the NOAA Data Buoy Center. The Center provides crucial meteorological forecasting information for Hawaii's operations. I ask that the Subcommittee restore funding for Hawaii's data buoys and the National Data Buoy Center.

NOAA
FISHERIES PROMOTIONAL FUND

The Pacific Basin has greatly benefitted from the Saltonstall-Kennedy (S-K) industry assistance grants. Unfortunately, the Administration proposes no funding for the S-K industry assistance grants and the Fisheries Promotional

Fund.

Supported by the S-K industry grant program, the Pacific Fisheries Development Foundation (PFDF), comprised of the Federated States of Micronesia, the Republic of Palau, the Republic of the Marshall Islands, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, the State of Hawaii, and the U.S. Tuna Industry, was established to develop latent fisheries resources in the Central, West and South Pacific.

The PFDF has been extremely successful, having undertaken over 100 projects in cooperation with Pacific Island governments to promote self-sufficiency in fisheries by developing infrastructure, and by conducting training, exploratory fishing, market development, and other projects to enhance local fish production. Some of these projects include the development of albacore fisheries in the Central and South Pacific and fresh fish exports from the Western Pacific.

The work of the PFDF must be continued to increase yields, develop conservation techniques, and provide economic benefits to our nation and to those Pacific Islands with which we are closely associated. I urge the Subcommittee to restore the S-K industry grant program and to consider earmarking $175,500 for the PFDF so that fisheries resources in the Pacific Basin can be further developed.

In closing, I would like to thank you, Mr. Chairman, and members of this Subcommittee for the opportunity to appear before you today.

Mr. HOUGART. Thank you, Mr. Akaka.

Mr. Chairman, we have submitted our testimony, and if you wish, I can very briefly summarize it.

Mr. EARLY. Briefly.

Mr. HOUGART. We are seeking support of three programs that were initiated and funded by this subcommittee. The first one is a stock enhancement program, the development of technology to release fish fry and fingerlings into the live water in an effort to restore some depleted stocks.

We are requesting the program level of $800,000, which is an increase from last year's appropriation. The second program is called the Asian Interchange Program, and through this, we attempt to identify in this case cold-tolerant shrimp now being cultured in Asia, and we will be developing and are developing production technology for this species in the U.S. in areas where we are not favored with warm climate to economically—and culture species now attempted, as well a program to develop production technology for live food for marine finfish. This is a critical need. For this program, we are requesting level funding of $282,000.

The third program is the Mahi Mahi program, and this is involving the development of hatchery techniques, reproductive control, feeds and design of culture facilities and production systems to successfully farm this important fish.

We want to thank you as well for current support and past support for this program, and we are requesting level funding of $188,000 for fiscal year 1991. And I would like to reemphasize our appreciation for your past support and respectfully submit our request to the subcommittee.

[The prepared statement of Mr. Hougart follows:]

Testimony submitted to the
Subcommittee on Commerce, Justice, State,
the Judiciary and Related Agencies
Committee on Appropriations
U.S. House of Representatives

by Mr. Bille Hougart
The Oceanic Institute

Mr. Chairman and Members of the Subcommittee, of behalf of the Oceanic Institute, I thank you for this opportunity to appear before your Subcommittee to testify in support of three items of importance in the field of aquaculture research. Specifically, we seek FY 1991 funding for three ongoing research items that the Subcommittee supported in FY 1990. These items are: Hawaii Stock Enhancement ($800,000), the Asian Interchange Program ($282,000), and the Development of MahiMahi Culture Technology ($188,000).

A great deal has been made in the press of certain new initiatives within the budget with regard to research and development. Unfortunately, while providing increases in the FY 1991 budget for NOAA, the Administration has not recognized the value of emerging new technologies such as aquaculture. At the Oceanic Institute, we are leaders in this field. Our partnership with the Federal government on a number of projects, many of them funded by this Subcommittee, have advanced man's understanding of how to more efficiently utilize the wealth of affordable and nutritious protein available from the sea. We are proud of our accomplishments to date, and we are grateful for the strong support of this Subcommittee.

HAWAII STOCK ENHANCEMENT

Hawaiian fish populations and landings have decreased markedly over the past few decades. It is urgent that the causes of these declines be identified and corrective action by taken before populations are further diminished.

With funds available in FY 1988, FY 1989, and FY 1990, The Oceanic Institute has successfully identified species and started pilot-scale tagging-and-release studies to evaluate survival of hatchery fish and optimize release protocols. The Stock Enhancement of Marine Fish in the State of Hawaii (SEMFISH) program has made major strides toward developing and testing a hatchery-and-release stock enhancement technology for the State of Hawaii.

FY 1988 stock enhancement research activities at The Oceanic Institute resulted in the mobilization of state and private sector support on several fronts. Ongoing collaborative stock enhancement research spawned by the SEMFISH program now involves The Oceanic Institute and: the Hawaii Department of Land and Natural Resources; the University of Hawaii's Institute of Marine Biology; the State of Washington Department of Fisheries; and Northwest Marine Technology, Inc. (Seattle, WA).

Hawaii's leading fishery agency is so interested in the approach taken and progress made to date by the SEMFISH program that they have become closely involved in the project. The Hawaii Department of Land and Natural Resources' Division of Aquatic Resources (DAR) is collaborating and providing additional funds for joint research to achieve SEMFISH objectives. DAR has given the project high priority because of their interest in using stock enhancement technology for managing fisheries in Hawaii.

In FY 1990, The Institute is beginning to work closely with DAR on site-specific stock enhancement studies in Hilo, Hawaii. By collaborating with the State during the development and testing phase, stock enhancement technology developed at The Oceanic Institute will encompass the specific needs of the State to enable the successful implementation of this important fishery management method.

In FY 1991, a prototype evaluation of the SEMFISH protocols for marine stock enhancement will be started, in order to field test this technology in Hawaii. FY 1991 work will also continue at The Oceanic Institute in the areas of tagging techniques, data collection and assimilation, and fisherman survey techniques. Continuity is needed for the SEMFISH program to continue progress in a timely fashion towards meeting its objective of developing, testing and transferring a cost-effective marine stock enhancement technology to the State of Hawaii for full-scale implementation.

This important work has national implications and, therefore, we ask your support to continue this effort. A program level of $800,000 is requested in FY 1991.

ASIAN INTERCHANGE PROGRAM

National per capita consumption of seafood has grown steadily over the past 20 years. The increased demand has been met largely by imports, resulting in a substantial fisheries trade deficit. Domestic fisheries alone cannot meet the demand and alternative forms of production, such as aquaculture, may help increase domestic supply. The aquaculture industry needs major expansion, however, to make a significant contribution to domestic fisheries production.

In contrast to the U.S., Asia has contributed to the increase in commercial aquaculture production. For example, in 1980, China produced 50 times the aquaculture products of the U.S. and, since 1983, has led the world in shrimp production. Japan pursued an ambitious aquaculture growth program throughout the 1970s. Consequently, total Japanese aquacultural production was 11.5 times that of the U.S.

The Oceanic Institute began the Asian Interchange Program (AIP) in 1989. The goal of AIP is to enhance domestic aquaculture industry growth via technology exchange between the U.S .and Asia.

The first year of AIP (FY 88) focused on acquiring Asian cold-water shrimp production techniques for use by U.S. shrimp farmers. This involved the exchange of scientists and commercial producers between the Peoples Republic of China, the Republic of Korea, the Republic of China (Taiwan), and the United States. A state-of-the-art manual documenting practical production techniques and a comparative financial analysis of cold-water shrimp production in the U.S. was produced. These results were transferred to the U.S. shrimp aquaculture industry through a series of workshops. Gaps in knowledge were identified and these topics will be addressed in future AIP efforts.

The second year's program (FY 89) continued the cold-water shrimp technology exchange and started the assessment of an inexpensive, reliable live food production system. Results from FY 88 work revealed that the cold-water shrimp cultured in China and Korea may be profitable in selected U.S. locations, such as South Carolina and Texas, where shrimp farms are now only marginally profitable. Identifying and acquiring disease-free shrimp stocks from Korea and China will be accomplished during Year 2 of the program. In addition, two workshop and information exchanges on live-food production systems were carried out with individuals form Japan, Taiwan, Thailand and the U.S. The cost-effectiveness of various live-food production systems are currently being analyzed and a prototype system will be designed.

The third year's program (FY 90) is focusing on developing maturation and overwintering techniques for cold-water shrimp. In addition, the prototype live-food production system will be constructed and tested. Maturation and overwintering research was only recently begun in China. Research efforts involving Asian and U.S. scientists will fill the knowledge gap and enable U.S producers to complete the production cycle for this new species.

The fourth year's program (FY 91) will include the completion of growth, temperature and feed trials with cold-water shrimp in Hawaii and South Carolina. Maturation and overwintering research will be continued and cooperative live-food production system trials will be performed on commercial farms in the U.S. Research efforts will involve scientists from the U.S. and Asia working together to close the knowledge gaps in cold-water shrimp production in the U.S.

We respectfully request $282,000, the amount provided in FY 1990, to continue this important work.

DEVELOPMENT OF MAHIMAHI CULTURE TECHNOLOGY

MahiMahi is a popular marine fish of tropical and subtropical seas. The purpose of The Oceanic Institute's MahiMahi Aqualculture Development Project is to advance the technology of mahimahi aquaculture to the point of commercial feasibility. For a combination of biological and economic reasons, there is clear commercial potential for this species. Mahimahi aquaculture has not yet become a reality because of several specific technical constraints including the need for high and consistent early survival, appropriate diet, and a suitable growout system for mass culture. To resolve these constraints, researchers at The Oceanic Institute are developing mass-culture technology for mahimahi.

Funds made available in FY 1988 provided significant improvement of larval rearing technology and early juvenile survival and will lay the groundwork for the development of a pelleted growout feed. FY 1989 research sought to improve the acceptability and digestibility of first-generation growout feeds, and allow further advances in hatchery and nursery technology. FY 1990 funds are devoted to the design and testing of growout systems for mahimahi and the preparation of an economic model for mahimahi aquaculture.

In FY 1991, work will concentrate on (1) a second series of growout trials to improve system design and operation, (2) an improved database to support and refine the economic model, and (3) continued advances in the mass production of mahimahi juveniles and in the formulation of practical diets.

To continue this important work, $188,000 is requested in FY 1991, the same amount provided in FY 1990.

Mr. Chairman, thank you for this opportunity to testify before the Subcommittee.

# # #

Mr. **EARLY**. Fine. Mr. Hougart, one of the previous witnesses, Congressman Akaka, was talking about a consortium in which they were soliciting $750,000 from the Federal Government, but they were getting an equal amount from both 15 business companies, which was fine, but then five academic institutions, which they mentioned Hawaii. Was that the Oceanic Institute, or I thought he said the University of Hawaii?

Mr. **HOUGART**. We are involved with this consortium.

Mr. **EARLY**. You would be involved in that particular—

Mr. **HOUGART**. Yes, sir.

Mr. **EARLY**. Fine.

Mr. Akaka, I want to thank you for testifying. As someone from the East Coast who is very involved and always looking to help NOAA—I know of Chairman Smith's respect for you. So your testimony makes it a lot easier in the funding. I appreciate you coming out of your busy schedule to include your statement.

Mr. **SMITH**. I just thank you all for coming, and I am very interested in the aquaculture part there, too. And as I understand it, it would have some application to areas other than Hawaii, especially the freshwater part.

Mr. **AKAKA**. Mr. Chairman, on your question, I want to say we are working—that consortium—with your State and 15 companies. And I think this will make a difference in the future of that industry.

Mr. **EARLY** [presiding]. Well, Chairman Smith is always a little more receptive, Congressman, to programs that are not all Federal monies. And that one has a third from business, a third from public and private institutions, and a third from Federal sources. You know, that is why the outside witnesses can be so important.

Thank you for your testimony.

Mr. **AKAKA**. Thank you.

Mr. **SMITH**. At this point in the record we will include additional testimony submitted for the record regarding NOAA programs.

[The statements follows:]

STATEMENT ON BEHALF OF THE
COASTAL STATES ORGANIZATION

By

SARAH J. TAYLOR, PhD.

Submitted to the

SUBCOMMITTEE ON COMMERCE, JUSTICE, STATE & JUDICIARY

of the

HOUSE APPROPRIATIONS COMMITTEE

Mr. Chairman and Members of the Subcommittee, I am Sarah J. Taylor, Chairman of the Coastal States Organization (CSO) and Executive Director of the Chesapeake Bay Critical Area Commission. On behalf of the CSO, a representative association for the governors of the 35 coastal States, Commonwealths, and Territories, I appreciate the opportunity to present for your review and consideration our fiscal year 1991 funding recommendations for grant programs authorized under the Coastal Zone Management Act and administered by the National Oceanic and Atmospheric Administration, Department of Commerce.

Coastal states have shown a willingness to form a voluntary and viable partnership with the federal government to carry out the national coastal management program. They have also shown a willingness to accept their legitimate and statutorially created role as managers of the country's coastal resources. They must, however, have the continued financial ability to do so. The CSO therefore recommends that the Subcommittee approve for fiscal year 1991, $42 million for section 306-306a grants, $10 million in section 306B coastal water quality protection grants, $5.74 million for section 315 estuarine research reserve grants, and $5 million for federal program management, as proposed in pending CZMA reauthorization legislation, H.R. 4030, the Coastal Zone Act Reauthorization Amendments of 1990. It is important to note that these fiscal year 1991 CZMA funding recommendations have the support of the House Merchant Marine and Fisheries Committee. You may recall that Committee Chairman Walter Jones and Ranking Minority Member Bob Davis, presented testimony before this Subcommittee on March 28, requesting these amounts and stating that they were the "highest priorities" of their committee members.

NEED TO CONTINUE FEDERAL FUNDING SUPPORT FOR COASTAL MANAGEMENT

My fellow delegates and I realize that, since 1980, this Subcommittee and the Congress have acted to reinstate the federal share of CZMA funds and uphold the federal government's commitment to this important national program. Without this continued support, 29 participating States and Territories would have been forced to dramatically reduce the scope of their coastal management programs or discontinue operations altogether. We also realize that the full cost of national coastal management exceeds the amount of federal appropriations and required State match. To meet their full CZM needs, a number of States spend significantly more than their required share. This has been occuring because appropriations have not kept pace with CZMA authorization levels or the rising costs of coastal management. Therefore, when the President submitted his proposed fiscal year 1991 budget to Congress earlier this year, we were pleased to note that, for the first time, in nine federal budget cycles, the Administration had requested funding for CZMA section 306-306a grants. This is a significant and most welcome departure from what had become an annual ritual of attempts by the Administration to elimiate these funds and ignore the past CZMA funding recommendations of this Subcommittee. Nonetheless, the President'sfiscal year 1991 funding request of $30 million for CZMA section 306-306a grants and $3.4 million for section 315 grants represents a 12 percent reduction in this year's CZMA grant funding levels. This is an inadequate amount considering that the pressures on the country's coastal resources have reached phenomenal proportions. The country is experiencing an increased loss of wetlands, growth of coastal populations, growing demand for private marina and docking facilties, and the proliferation of condominiums and hotels in previously remote coastal areas. Conflicts between water-dependent and non-water dependent uses, the need for public access, the demand for coastal space for energy facility development and commercial and recreational fisheries add to the demand.

Twenty-one years ago, the Commission on Marine Sciences, Engineering and Resources, better known as the Stratton Commission, called for the enactment of federal coastal management legislation and the establishment of NOAA. The Commission also at that time predicted that man's use of and movement toward coastal areas would increase. Current trends have surpassed the Commission's predictions. Today, the areas along our oceans and Great Lakes are home to more than one out of every two Americans. Nearly sixty percent of the nation's growth in population between 1980 and 2000 is expected to occur in the coastal zone.

The CSO concurs with the December, 1988 oversight report by the House Merchant Marine and Fisheries Committee, entitled "Coastal Waters in Jeopardy: Reversing the Decline and Protecting

America's Coastal Resources, " which concluded that we are entering a crucial period where activities in the nation's coastal regions are intensifying, necessitating skillful management from all sectors, public and private. The committee report recommends a higher budget priority for "coastal protection" and that NOAA should continue to encourage state participation in protecting estuarine and coastal water quality and coastal resources" by using the funding mechanisms of section 306 or 306a of the CZMA."

It should also be pointed out that the current fiscal year appropriations for CZMA grants allows the 29 participating States and Territories to maintain and, where possible enhance, their coastal management programs. The State of Ohio is expected to have its coastal program approved during fiscal year 1991. This would increase the number of States and Territories participating in the national coastal management program and require additional federal CZMA funding support. The Administration's request, while again a significant and welcome departure from past Administration budget policy, is not adequate to meet the coastal management needs of the States and Territories as well as the country.

THE VALUE OF COASTAL ZONE MANAGEMENT

I have attached to my statement a recently issued summary of the findings of a comprehensive study on the national coastal management program by the National Coastal Resources Research and

Development Institute (NCRI). The study, entitled "The Coastal Zone Management Program: A Review and Economic Evaluation," was conducted for the NCRI by the faculty and staff of the University of North Carolina. The study was made possible by a CZMA section 309 interstate grant.

The major findings of the study listed on the first page of the attached document include several telling points regarding the economic value of the coastal zone and the worth of the national coastal management program.

- In 1985, $1.3 trillion or 31.7 percent of the GNP originated in the coastal zone;
- Combined State and federal CZM program spending is only four thousandths of one percent of the value of the goods and services produced in the coastal zone; and,
- Every dollar of CZMA-related funds spent in coastal States is associated with at least a $25 increase in coastal GNP.

The study provides details on how the national CZM program enhances the economic value of the coast and the worth of its resources. In addition, the study concludes that the "U.S. coast is an "invaluable, yet highly stressed national resource" and that the "country's well-being depends on the well-being of the coastal zone." I respectfully urge your consideration of the study's findings as documented proof that continued federal investment in the national coastal management program is not only justified but needed now more than ever.

Dr. John Knauss, Commerce Under Secretary for Oceans and Atmosphere, recently reached this same conclusion while testifying on behalf of the Administration before the House Merchant Marine Subcommittee on Oceanography and Great Lakes. Dr. Knauss, a former member of the Stratton Commission, stated during his March 22 testimony that "coastal management was more important than ever" and called for the reauthorization of CZMA grant funding.

CZMA REAUTHORIZATION AND FISCAL YEAR 1991 CZMA APPROPRIATIONS

The fiscal year 1991 CZMA funding recommendations of the Coastal States Organization (CSO) and the House Merchant Marine and Fisheries Committee reflect the grant funding authorization levels contained in H.R. 4030, legislation to reauthorize the CZMA. The legislation, which was recently reported by the House Oceanography and Great Lakes Subcommittee, will be before the full committee on April 18. It provides the necessary federal funding support for States and Territories to maintain their coastal programs for the next five years. In addition, it places significant new and necessary responsiblities upon coastal States to implement, on behalf of the entire nation, programs to address pressing coastal concerns. These include coastal water quality protection, wetlands protection, and management of natural hazards, including sea level rise. It also seeks improvements to the national estuarine research reserve program.

We realize that the Subcommittee cannot, by law, approve appropriations for federal programs that are not authorized. It is with this fact in mind that we bring to your attention the status of the CZMA reauthorization legislation, its new program requirements, increased funding assistance for coastal States and Territories, and the Administration's support for the legislation. In the opinion of the authorizing committee and the CSO, the funding authorization levels contained in H.R. 4030 are both necessary and realistic, and we urge your consideration of these funding levels during your deliberations regarding fiscal year 1991 appropriations for the National Oceanic and Atmospheric Administration.

CONCLUSION

In sum, the Coastal States Organization strongly urges this Subcommittee to approve $63 million in fiscal year 1991 CZMA program funding, including $42 million for section 306-306a (Administrative) grants, $10 million for section 306B (coastal waters protection) grants, $5.74 for section 315 (estuarine research reserve) grants, and $5 million in federal program management. These funding recommendations are identical to those proposed by the House Merchant Marine and Fisheries Committee, and are approximately $27 million more than the President's request.

The recommended fiscal year 1991 CZMA funding is necessary for coastal States and Territories to responsibly meet their stewardship and statutory obligations as participants in the national coastal management program. These funding levels are necessary to enable the State of Ohio to begin administering its approved coastal program next year. They are necessary to improve the national estuarine research reserve program; detailed recommendations will be in testimony to be submitted by the National Estuarine Research Reserve Association. The recommended funding levels are also necessary for coastal States and Territories to meet new program responsiblities regarding coastal waters protection, wetlands, sea level rise, public access, and coastal energy development, which are proposed in committee-approved CZMA reauthorization legislation. The CSO urges your support for CZMA funding, which is more critical than ever. Thank you.

NERRA
NATIONAL ESTUARINE RESEARCH RESERVE ASSOCIATION

TESTIMONY OF

EUGENE WRIGHT, PRESIDENT

NATIONAL ESTUARINE RESEARCH RESERVE ASSOCIATION

to the

SUBCOMMITTEE ON COMMERCE, JUSTICE, STATE, AND THE JUDICIARY

OF

THE HOUSE APPROPRIATIONS COMMITTEE

APRIL 1990

Mr. Chairman and Members of this distinguished Subcommittee, I appreciate your permitting me to submit testimony on behalf of myself and my colleagues. My name is Eugene Wright and I am president of the National Estuarine Research Reserve Association (NERRA), as well as manager of the Old Woman Creek National Estuarine Research Reserve. NERRA is an association of on-site Reserve managers and other state Reserve staff of the 18 designated national estuarine research reserves and several other proposed reserves. We respectively request your support for funding Section 315 of the Coastal Zone Management Act (CZMA), which deals with the National Estuarine Reserve Research System (NERRS), at a level of $5.74 million, the sum proposed to be authorized in H.R. 4030.

THE NERRS SYSTEM

The 1969 report of the Stratton Commission is credited with the original vision for completing a network of research sites representing the various biographic regions along our nation's coasts. Section 315 of the CZMA established, through an equally-shared Federal- State cooperative effort, a national System of estuarine reserves to provide opportunities for long-term research, education, and interpretation. Scientific and education programs were to focus on the development of information for improving coastal resource management decision making.

Today, after more than a decade of successfully managing our nation's National Estuarine Reserve Research System, NOAA's Marine and Estuarine Management Division (MEMD) administers a Program that includes 18 Reserves protecting nearly 300,000 acres of estuarine waters, tidal wetlands, and shorelines that represent many of the coastal regions and estuarine types of the United States. There are designated Reserve sites located in Georgia, Florida, Alabama, North Carolina, Puerto Rico, Hawaii, New York, California, Washington, Oregon, Maine, Ohio, Massachusetts, New Hampshire, Maryland, and Rhode Island. Although the original plan for 25-30 sites within the Reserve System is only slightly more than half complete, the System will soon be expanded to include sites in Virginia, South Carolina, and New York.

However, designation is only the beginning! In order to fulfill the System goals of acquiring land and water, managing and operating on-site facilities for education and interpretation, and supporting long-term research and monitoring programs; a significant financial commitment is required by both the Federal and state governments. Section 315 provides for such a Federal-state partnership in development of the System by authorizing 50% matching grant awards through NOAA/MEMD.

Unfortunately the growth in state commitments has not been matched by the Federal Program. In nearly every instance, the Federal contribution is exceeded by state and private matching funds; often many times over. At Waquoit Bay, Mass., for example, NOAA/MEMD grants of $1.8 million were matched by nearly $10 million in state funds; and at Wells, Maine, the Laudholm Trust has raised nearly $3 million for acquisition and site development.

In 1979, when only 5 Reserves had been designated, actual Federal appropriations for NERRS was $3 million. Last year, with 18 designated Reserves, actual appropriations were only $3.49 million. It is obvious from these figures that the Federal government's commitment to the NERRS is not keeping pace with state investments, and in many instances this situation is placing a disproportionate financial burden on individual Reserves. Steady growth in the number of designated Reserves has resulted in a System with sites at all stages of development, and Federal appropriations at current levels are just not enough to ensure that states will be able to successfully achieve the long-term goals and objectives of the Program. This is why we encourage you to support our request for increased appropriations at the $5.74 million level for FY 1991.

RESEARCH & EDUCATION FOR BETTER COASTAL MANAGEMENT

The principle objectives of the National Estuarine Reserve Research System are to acquire, develop, and operate a nation-wide system of Reserves for long-term scientific and educational programs that provide information essential to coastal management decisionmaking. The information developed within the 18 Reserves presently in operation is already having a bearing on important coastal resource management decisions.

For example, researchers working at the Waquoit Bay NERR, located on Cape Cod in Massachusetts, were recently awarded a 4-year, $2,000,000 Land Margin Ecosystem Grant to investigate how changes in the landscape mosaic associated with development in the Waquoit Bay watershed affect the delivery of groundwater contaminants to the Bay. One of the key objectives of the project will be to provide a scientific basis for the development of land use controls around the Bay with regard to water quality considerations. An analysis of the Waquoit Bay watershed, which includes five sub-units with different development densities permits researchers to compare groundwater loadings and review the effects on varying dosages in the waters along the shore.

Another example of research directed towards providing urgently needed coastal management information was the seagrass studies conducted at Padilla Bay NERR. Padilla Bay, located in Washington State contains extensive meadows of seagrasses that grow submerged some or all of the time. Research conducted by Western Washington University, University of Washington, Washington State Department of Ecology, and the Washington State Department of Fisheries have demonstrated the importance of seagrasses to juvenile salmon, surf smelt, Pacific herring, and Dungeness crabs. The results of these various studies has provided the necessary back-up information so that Washington State natural resources department is working to preserve the remaining seagrass beds throughout Puget Sound and Washington State. Any proposals for work that destroy existing seagrass beds have been required to be modified, re-sited, or in rare cases, seagrasses replanted to replace the destroyed beds. These actions are helping to preserve the pacific salmon fishery ($80 million annually) and the Dungeness crab fishery ($10 million annually) in Washington State.

Research coordinated by the Apalachicola Reserve in Florida, was instrumental in the establishment of a Greater Apalachicola Bay Management Plan for commercial finfish and shellfish harvesting. Reserve staff also assisted with development of the most comprehensive watershed land-use plan in the state of Florida. Research as other Reserves has also provided insight into the effect of pesticides, toxic metals, and sedimentation on estuarine ecosystems.

Collectively, the Reserves comprise a nation-wide research program that is literally on the "cutting edge" of estuarine science; endeavoring to provide coastal managers with important information about ecological functions and socio-economic values performed by estuaries. Despite the excellent research which is being conducted at Reserve sites, the potential of The National Estuarine Reserve Research System is still largely unfulfilled, in part, because there are presently only 6 Reserves with on-site research laboratory facilities and only 7 Reserves are even able to provide boats and aquatic field sampling gear.

The CZMA Reauthorization Act of 1986, as amended, stipulates that designated Reserves will serve to enhance public awareness and understanding of estuaries and provide suitable opportunities for public education and interpretation. In 1989, National Estuarine Research Reserves attracted more than 250,000 visitors. Nearly 60,000 of these people took guided interpretive tours provided by Reserve staff, enrolled in educational classes and teacher/leader workshops or participated in school programs for students from kindergarten through college.

Through curricula programs developed by Padilla Bay staff with combined Federal and State funding, over 25,000 students and teachers have received "hands-on" training in estuarine ecology and conservation issues regarding fragile coastal resources. Other Reserve educational efforts made possible through Federal-State matching funds have included the development of educational materials for grade school and middle school students, brochures, posters, and multi-media presentations suitable for use by local school systems.

Reserve staff also continue to be active in hosting professional meetings that bring together coastal managers, scientists, planners, and educators. For example, in late 1989, the Old Woman Creek Reserve sponsored a symposium entitled "Priorities for Great Lakes Coastal Wetlands Research." This conference attracted 61 scientists, college educators and researchers, and representatives of government agencies from 11 states and Canada. Proceedings from the conference will enhance dissemination of research and management recommendations throughout the country.

Other Reserves are also involved in projects to bridge the gap between research, education, and decision making. Some successful ventures include: "Community Classroom" at Apalachicola Reserve; "Project Outreach" at Rookery Bay; production of an oral cultural and natural history at Waimanu Reserve; and "Coastweeks" activities which have become a regular part of increasing public awareness of estuaries at Reserves throughout the System. Considering that only 8 Reserves presently have on-site visitor centers and classroom facilities, these educational efforts are remarkable.

SUMMARY AND RECOMMENDATIONS

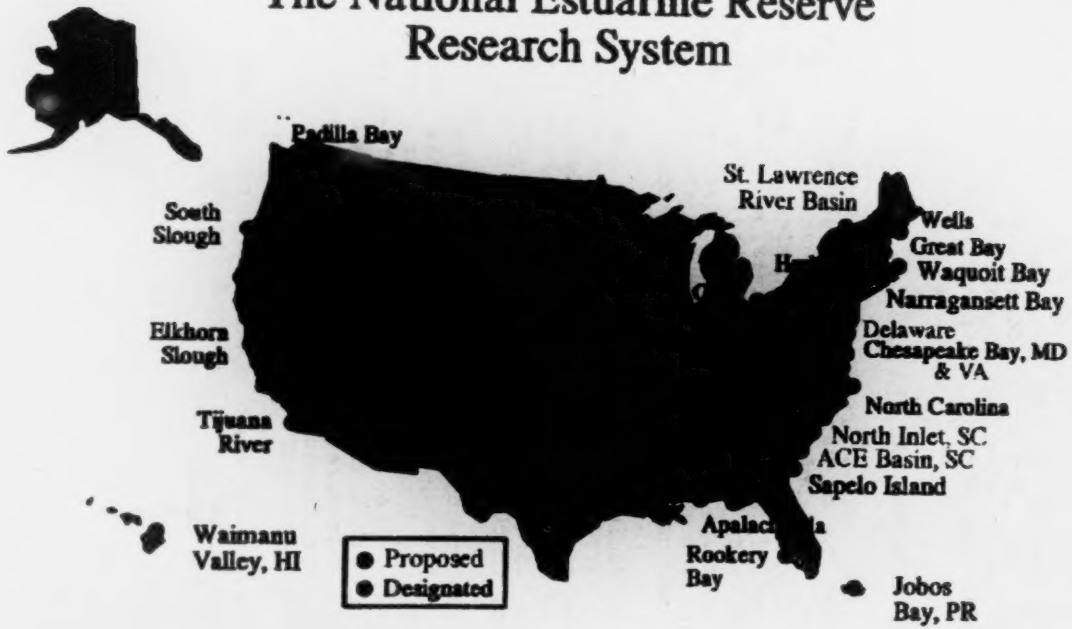
We know of no other System within the Federal-State Partnership Program that has so successfully integrated wetlands protection, scientific research, public education, and recreational opportunities with the coastal decision making process. Through the efforts of the National Estuarine Reserve Research System, made possible by Section 315 of the CZMA, federal and state coastal managers are becoming increasingly aware of the many subtle linkages that exist between the actions they take and the health of our nation's estuarine ecosystems.

Without sufficient understanding of the inner workings of estuaries, we risk making substantial and unwise expenditures of coastal management funds; at the Federal, state, and local levels. We also risk the very real mistake of taking management action, or lack of action, that may result in serious and long-term damage to our Nation's estuaries.

States cannot continue to provide the necessary resources to establish, develop, and operate National Estuarine Research Reserves without a similar commitment from the Federal government. The $5.74 million appropriation for FY 1991, as proposed by NERRA, is absolutely essential for continuation of the NERRS Federal/state partnership program that will ensure sensible, intelligent management of the nation's precious estuarine environment.

Thank you for the opportunity to present testimony on appropriations for the NERRS, and for the consideration given my remarks by The Subcommittee.

The National Estuarine Reserve Research System


Padilla Bay
South Slough
Elkhorn Slough
Tijuana River
Waimanu Valley, HI
● Proposed
● Designated
St. Lawrence River Basin
Wells
Great Bay
Waquoit Bay
Narragansett Bay
Delaware
Chesapeake Bay, MD & VA
North Carolina
North Inlet, SC
ACE Basin, SC
Sapelo Island
Apalachicola
Rookery Bay
Jobos Bay, PR

National Oceanic and Atmospheric Administration
Marine and Estuarine Management Division
National Ocean Service
1825 Connecticut Avenue, NW
Washington, DC 20235 (202) 673-5126

Defenders
OF WILDLIFE

TESTIMONY OF ALBERT M. MANVILLE II, Ph.D., SENIOR STAFF WILDLIFE BIOLOGIST, DEFENDERS OF WILDLIFE, WASHINGTON, DC, AND CHAIRMAN, THE ENTANGLEMENT NETWORK COALITION, BEFORE THE SUBCOMMITTEE ON APPROPRIATIONS FOR COMMERCE, JUSTICE, STATE AND THE JUDICIARY, COMMITTEE ON APPROPRIATIONS, U.S. HOUSE OF REPRESENTATIVES

APRIL 9, 1990

Testimony Presented On Behalf of
The Following Organizations in the Entanglement Network
Coalition:

Defenders of Wildlife
and
American Cetacean Society
American Society for the Prevention of Cruelty to Animals
Animal Protection Institute of America
American Humane Association
California Marine Mammal Center
Center for Coastal Studies
Cetacean Society International
Dolphin Coalition
Earth Island
Environmental Defense Fund
Friends of the Sea Otter
Fund For Animals
Greenpeace U.S.A.
Humane Society of the U.S.
International Wildlife Coalition
Marine Mammal Stranding Center
North Wind Undersea Institute
Ocean Alliance
Oceanic Society/Friends of the Earth/Environmental Policy Inst.
Sierra Club Wildlife Committee
Society for Animal Protective Legislation
Suncoast Seabird Sanctuary

1244 NINETEENTH STREET, NW • WASHINGTON, DC 20036 • (202) 659-9510

Mr. Chairman and Members of the Subcommittee, I am Dr. Albert M. Manville II, Senior Staff Wildlife Biologist for Defenders of Wildlife (Defenders), Washington, DC, and chair of the 45-member Entanglement Network Coalition (Network). On behalf of our 80,000 members at Defenders, I thank you for the opportunity to provide this testimony for the record on the budget for the **National Marine Fisheries Service's** (NMFS) **Marine Entanglement Research Program** for Fiscal Year (FY) 1991. In addition to Defenders, this testimony is being presented on behalf of the American Cetacean Society, the American Society for the Prevention of Cruelty to Animals, the Animal Protection Institute of America, the American Humane Association, the California Marine Mammal Center, the Center for Coastal Studies, the Cetacean Society International, the Dolphin Coalition, Earth Island, the Environmental Defense Fund, Friends of the Sea Otter, the Fund for Animals, Greenpeace U.S.A., the Humane Society of the U.S., the International Wildlife Coalition, the Marine Mammal Stranding Center, North Wind Undersea Institute, the Ocean Alliance, the Oceanic Society/Friends of the Earth/Environmental Policy Institute, the Sierra Club Wildlife Committee, the Society for Animal Protective Legislation, and the Suncoast Seabird Sanctuary, all of which are members or participants in the Network. The Network is a consortium of some 45 wildlife, animal welfare, and conservation organizations which serves as the unified voice of the environmental community on entanglement, incidental take, and debris ingestion. Our combined membership represents over 11 million American citizens.

Summary Request: For the NMFS's Marine Entanglement Research Program, we respectfully requests:

- a restoration of **$0.706 million** for the NMFS Marine Debris Program from the FY90 level -- funding adequate to maintain key technical work and a continued educational effort; and
- an enhancement of **$7.5 million** for FY91 North Pacific Driftnet Fisheries Investigations, critically important for determinations of population impacts on species being incidentally taken in large scale pelagic driftnet fishing operations.

Marine Debris Program

A restoration of $0.706 million to the FY90 appropriations level should enable NMFS to maintain the Marine Debris Research and Education Program at adequate, workable levels. This level of funding should also enable maintenance of key technical work which presently is ongoing, assuming no major new initiatives are anticipated. Mr. Chairman, we thank you and your Committee for funding this program in the past.

FY91 North Pacific Driftnet Investigations

Mr. Chairman, an enhancement of $7.5 million for the NMFS FY91 North Pacific Driftnet Investigations is critically important for a number of reasons. As you are certainly aware, a resolution was sponsored by the United States and adopted by the United Nations (U.N.) on December 22, 1989, which could mean the end to the scourge of driftnets worldwide. The U.N. resolution, specifically, calls for an end to all large-scale pelagic driftnet fishing in the south Pacific by July 1, 1991, and elsewhere in the world, by June 30, 1992. These moratoria could only be avoided if effective conservation and management measures are taken by nations which driftnet fish. It is our hope that the inherent dangers of any driftnet fisheries become so clear that no management or conservation scheme which does not include a ban on driftnet fishing could be considered.

The resolution also calls for an international review of the best scientific data on the impacts of driftnet fishing by June 30, 1991, in order to decide on additional regulations and monitoring efforts. Although this review is critical, it is difficult to predict what the review will uncover. Some scientists, for example, have noted that little baseline data were gathered prior to the period when driftnet destruction began. This absence of data will undoubtedly make it difficult for scientists to quantify the destructiveness of driftnet fishing (e.g., do low numbers of marine mammals and seabirds currently being caught in driftnets mean driftnets are not as destructive as was thought, or that there are fewer animals to be caught because of previous driftnet fishing in the area?). Regardless, the research is critical because we can't tell virtually anything about the bird and mammal populations until we have the data, and $7.5 million is necessary to effectively gather these data.

While the U.N. resolution is nonbinding even to its United Nations' members such as Japan, and does not even affect non-U.N. nations such as Taiwan and South Korea, the elevation of this issue to the U.N. arena marks the first time that the damage caused by driftnetting has been described in a worldwide political realm.

We are especially concerned that Japan, during the negotiations process, won approval of a provision permitting a freeze/moratorium to be lifted if the international community agrees on "...effective conservation and management schemes" that prevent unacceptable impacts of driftnets. In our opinion, this is the same strategy the Japanese have used in their "research" whaling issue. Statistically sound data are, therefore, critical. We are further concerned that the Japanese are already taking the lead in determining the interpretation of this resolution language and are setting the terms of reference. Just last week (April 2-6) in Rome, Italy, for example, the U.N.'s Food and

Agricultural Organization (FAO) met, by invitation only, to discuss the driftnets issue. There were no experts from the U.S., and in fact, representatives from our Department of State repeatedly asked why the United States was not invited, but were not given an adequate response. FAO fisheries experts will not meet again for another year.

While the NMFS proposed budget for the North Pacific Driftnet Fisheries Research and Monitoring Program for FY90 was $5.15 million (funded at the $2.68 million level), this program was not developed to meet the timetable envisioned by the 1989 U.N. resolution. Without an aggressive program to monitor and assess the impacts of highseas driftnets on bird and mammal populations in 1990 and 1991, the United States will not be in a position to challenge claims regarding the effectiveness of "conservation and management schemes."

This proposed $7.5 million budget for FY91 recognizes the critical need to be able to address claims that may likely be made by driftnet fishing nations in 1991 and 1992. Specifically, the funding will enable research and charter vessel work to:

- conduct population surveys for marine mammals, seabirds, and sea turtles;
- determine the dynamics of salmon/squid distribution; and
- conduct preliminary fisheries technology research.

The $7.5 million FY91 Program would do this by:

- reinstating the research and charter vessel work deleted from the FY90 budget;
- fund 100 U.S. observers for the 1991 season;
- fund late season (October-December) observers for 1990; and
- expand tasks necessary to meet the schedule anticipated by the U.N. Resolution for preliminary impact assessments and management evaluations by June, 1992.

Mr. Chairman, without these necessary increases in funding, the United States will have little to say in 1991 and 1992 about the meaning of driftnet fishing impacts on nontarget wildlife populations taken incidentally in the North Pacific, and may be unable to effectively argue for moratoria, or may be unable to effectively oppose continued testing of experimental "conservation and management measures" likely to be proposed by driftnet fishing nations.

The United States Congress has already begun posturing on the driftnets issue through both the Driftnets Impact, Monitoring, Assessment and Control Act, and the Magnuson Fishery Conservation and Management Act Reauthorization. It is our hope that your Committee will make the critically necessary move on the funding side. Thank you for your attention to this globally important issue.

Additional Request

We also respectfully request that your Committee appropriate the full amount of **$6.750 million** authorized for NMFS under the Endangered Species Act for FY91. Please also appropriate $2.0 million for the tuna labeling program as we expect legislation to be passed and enacted within FY91. Thank you.

THURSDAY, MARCH 29, 1990.

INTERNATIONAL EDUCATIONAL AND CULTURAL EXCHANGE PROGRAMS

WITNESS

DR. MARTIN LIMBIRD, BALL STATE UNIVERSITY, MUNCIE, INDIANA, ON BEHALF OF THE LIAISON GROUP FOR INTERNATIONAL EXCHANGE

Mr. **EARLY**. Next we are going to hear from Dr. Martin Limbird from Ball State University, that almost got to the finals of the Big Four, but they fell short. They lasted longer than the University of Iowa, though. [Laughter.]

So Dr. Limbird?

Mr. **LIMBIRD**. Thank you very much, Mr. Chairman. And Mr. Chairman and members of the subcommittee, the Sweet Sixteen was really sweet for Ball State University, and I thank you for drawing reference to that. I am Martin Limbird at Ball State University. I am here wearing a couple of other hats; that as President-elect of the National Association for Foreign Student Affairs, and also representing the 23 educational organizations that make up the liaison group for educational exchange.

Congressman Smith will perhaps know that for about 20 years, I lived in his district in Ames, Iowa and was associated with Iowa State University. And I am grateful for his support and for the support of this subcommittee in educational exchange. It has been very important. We have provided you with lots of mail, and I am glad to be with you here today.

This is an interesting time in educational exchange for all of us, the time with peace brewing in Eastern Europe. But there are some concerns that I want to express to you today about how USIA's budget is going to reflect what opportunities we have today to support the efforts of educational exchange. And I want to draw attention to four programs specifically, and I want to dwell on two of them.

First of all, one of the issues that we want to make recommendations regarding—by the way, I did not introduce Norman Peterson of the liaison group who is here with me today, excuse me.

There are four issues and recommendations that we would like to draw your attention to. First of all, one of those recommendations relates to the need to substantially increase funding for the Department of State, Soviet and Eastern European research and training programs. You may know that the opportunities for us to know more about Eastern Europe is really more and more important today, and one of our recommendations is that we increase funding to the tune of $9.2 millon for those programs.

A second recommendation that I think is very important is to provide new statutory linkages, allowing USIA to make use of less developed country debt conversion mechanisms as a means to extend its educational exchange program resources. What this means is using debt for this mechanism—we may be able to extend the possibility for more Americans to study overseas using the debt that exists in Third World countries. And statutory changes will make that possible.

I have some graphs that I want to draw your attention to that are in the testimony that really dwell on the two things that I think are most important. Last night, I had the pleasure of having dinner with Senator Fulbright, to talk about the importance of the programs that bear his name.

And I know that you will share in the concern that is reflected in that top table that shows the decline in the number of people that are going to be a part, in 1991, of the core programs of the exchanges segment of USIA, as a result of the budget that is being proposed.

This shows you that 195 fewer people will be able to participate in exchange programs in 1991 as a result of the budget that has been submitted by USIA. We are deeply concerned about the fact that this is an erosion at a time when there really is a need for more and more academic exchanges, more scholarly exchanges, more people to people exchanges. We recommend $25 million more be allocated in support of these core programs for the USIA.

Let me then move on to the fourth point, and the one that I know, Mr. Early, in the time that you spoke with Mr. Geld from USIA, you drew attention to this specific point. And I am delighted that you are here today to recall your concern about enrichment programs that support all the foreign students in this country.

One issue that USIA has given attention to, but is seeming to be given less and less attention, is the importance of services and programs to make the experience of the foreign nationals in this country a part of our whole public diplomacy efforts. You know, we need to lubricate the process to make sure that foreign nationals who come here are friends of this country after they leave; that they contribute to the prospects for economic development for small business exchanges while they are here.

I know that in your own state, the Bodden-Vorkenbourg program with Massachusetts has been enriched to a great extent simply because of the fact that you have linked up educational exchange with your home State, and the ties there with West Germany are very important. The same in Iowa; we had Hondurans on the campus program at Iowa State University who were there and able to meet people in our State in Moon county and other counties because of the enrichment funds that were available to support the foreign nationals that are in this country.

I draw attention to this because I believe this is an opportunity for us to make sure we make the most of the fact that over 360,000 people are coming to study in this country, and the way the funds that are allocated to support this are structured in the budget for USIA, they are increasingly being overlooked.

When you look in the salaries and expense account of USIA, you have a hard time finding the minuscule amount of money that is set aside to support educational exchange. And we have these figures in the two tables that are on the sheet that I gave you. You can see that the allocations in support of this have fallen almost five dollars per student to under five dollars in the last five years.

You can see that there has been a 35 percent decline in the amount of funds that have been set aside for the student support division. We need to draw attention to this and its importance to pull it out of where it is in the budget and to have it joint the other exchanges segment in the budget so that we can appreciate the contribution that this important part of the budget continues to educational exchange.

I have given you a quick summary of these four points. It is a pleasure to be here, and I would be happy to try to respond to any specific questions with the help of Mr. Peterson.

[The prepared testimony of Dr. Limbird and additional materials follow:]

MARTIN LIMBIRD

Director of the Center for International Programs,
Ball State University

Representing

The Liaison Group for International Educational Exchange

Before the
House Appropriations Subcommittee on Commerce, Justice, State, the Judiciary and Related Agencies

March 29, 1990

Accompanied by:

Norman Peterson
Executive Secretary
The Liaison Group for International Educational Exchange

STATEMENT OF MARTIN LIMBIRD,

Representing the Liaison Group for International Educational Exchange

Chairman Smith and Distinguished Members of the Subcommittee:

I am Dr. Martin Limbird, Director of the Center for International Programs at Ball State University and the incoming President of the National Association for Foreign Student Affairs. Today I am representing the twenty-three national associations and nonprofit organizations making up the Liaison Group for International Educational Exchange.

As you may recall, Mr. Chairman, for 11 years I supervised international exchange programs at Iowa State University as the Director of the Office of International Education, and I have seen the tremendous importance of educational and cultural exchanges to the universities, states, and communities in America's heartland. It may seem to be a long way between Central America and Boone County, Iowa, but we at Iowa State University were able to erase that gap by helping Iowa 4-H and FFA members become friends with disadvantaged Honduran students studying in Ames through the CAMPUS program conducted by USIA. When our Iowa youth and their families could put a name and a face on real people coming from distant lands, they became more actively interested in our government's foreign policies and were better informed citizens. That's an extremely important aspect of educational exchanges that's sometimes overlooked.

In addition, the Fulbright Program recently made it possible for me to spend an academic year in South Korea conducting research on how Korean business executives trained in the U.S. felt about their educational experiences here. The bottom line is that those who made close friends with Americans during their student years rely on their U.S. contacts to help create jobs in this country and promote US/Korean understanding. As a personal example, a Korean student I scrubbed floors with during my undergraduate days is now the president of Korea's largest construction company, one which does extensive trade with U.S. firms. What he says is absolutely true -- it is through friendships and joint activities outside the classroom that foreign and American students really learn about each other.

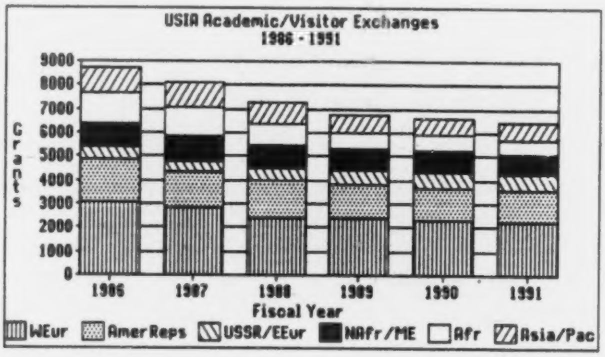
Today I am bringing a message of both opportunity for exchanges and alarm regarding budget proposals from my colleagues in the international exchange community. The winds of change sweeping the globe are creating the potential for tremendous new, productive, peaceful relationships with other nations which can be realized through exchange programs. However, we are alarmed that the budget for educational and cultural exchange programs presented to this Subcommittee by the administration seriously restricts the United States' capabilities in realizing these opportunities. The world will pass us by as the implications of the changes now taking place work themselves out.

From the nations of Eastern Europe, recently liberated from Soviet control, to the emerging Latin American democracies of Brazil, Chile, Nicaragua, and Panama, unprecedented events are unfolding which call for bold exchange initiatives from the United States. We urgently need to bring key people from these and other nations to the United States for educational purposes, and to send our students, scholars, and others to these nations so we can learn how to build productive relationships with them.

The Liaison Group respectfully submits four fundamental recommendations to the Subcommittee's attention today: 1) to increase funding for the U.S. Information Agency's traditional exchange programs beyond the administration's request in order to meet urgent needs and opportunities in Eastern Europe and elsewhere; 2) to continue USIA support for exchanges not sponsored by its own scholarship programs by providing funding specifically for this purpose in the Educational and Cultural Exchanges account; 3) to provide new statutory language allowing USIA to make use of less-developed-country debt conversion mechanisms as a means of extending its exchange program resources; and 4) to substantially increase funding for the Department of State Soviet and Eastern European Research and Training Program to enhance our knowledge of this crucial world region. Please allow me to briefly expand upon each of these recommendations below and in accompanying documents.

Expanding Traditional USIA Exchange Programs We know the Subcommittee has long supported and is deeply committed to the continuation of the Fulbright, International Visitor, Private Sector and other core exchange programs administered by USIA. The educational exchange community is extremely appreciative of this support. Knowing of this commitment to the purposes of these programs, we want to bring to your attention our concerns regarding the serious impact of the administration's budget proposals on USIA's core exchange programs.

As you are aware, the budget request for USIA's Educational and Cultural Exchanges Account for 1991 calls for no additional funding, not even a cost increase adjustment. The impact of this budget proposal on USIA's traditional academic and international visitor exchange programs is displayed in the following graph showing the declining number of grant awards provided for each world region since 1986.



The data for this graph was taken from USIA's congressional presentations for 1988, 1989, 1990, and 1991. We have not included new grants provided since 1988 under the Samantha Smith program in order to more clearly display trends in the traditional academic and international visitor programs. While the Samantha Smith program has created valuable exchange opportunities for youth and undergraduates, it is not a substitute for traditional senior level exchanges. The above chart also does not include grants provided by the Private Sector Program, since this data was not reported by USIA, but the program has also eroded significantly since 1986.

I think the graph speaks for itself. At precisely the time we should be reaching out to key world regions through educational and cultural exchanges, the budget submitted to Congress by the administration would have these programs continue to erode away. Under this budget, we will exchange 46 fewer people with the nations of Western Europe next year, 40 fewer with Latin America, 61 fewer with Africa, and 28 fewer with Asian and Pacific nations. Overall, USIA's core academic and visitor programs will sponsor 195 fewer people in 1991 if this budget is approved.

We urge the Subcommittee to recommend a $25 million increase for the traditional exchange programs funded from the Educational and Cultural Exchanges Account. As the United States reassesses its international priorities and security interests in the aftermath of the Cold War, these programs are the best investment the Congress can make toward our future role in the community of nations. While we are well aware of the continuing fiscal constraints the Subcommittee is under, this is a small sum for such an important purpose. It is a recommendation well within the authorization level for USIA's exchange programs for 1991 as amended by the Support for East European Democracy Act legislation and the SEED II legislation now under consideration.

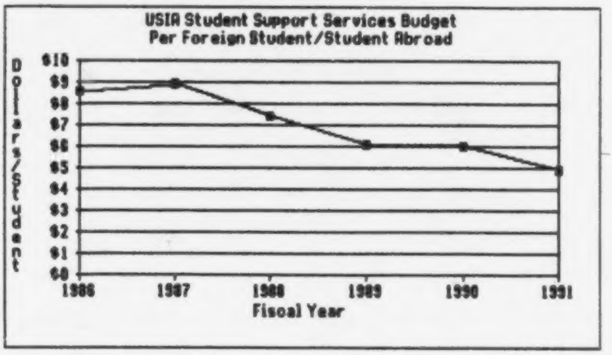
Supporting Exchanges of Non-USIA Sponsored Students The 1991 budget proposal for USIA would eliminate support for all enrichment activities for the more than 350,000 self-sponsored foreign students studying in the United States and for United States students who study abroad without direct support from USIA. This proposal continues a funding trend of great concern to the Liaison Group.

Privately sponsored exchanges are enormously important to the United States, both economically and in terms of public diplomacy. According to Department of Commerce balance-of-payments calculations (which for the first time last year included data regarding the economic impact of student exchanges), foreign students not sponsored by the U.S. Government brought more than $4.1 billion dollars into the U.S. economy in 1988. This is a very significant contribution toward reversing our ongoing severe trade imbalance.

The immediate balance-of-payments impact of the large number of foreign students enrolled in our institutions is only one aspect of their importance to the United States. The longer term economic implications of significant numbers of future foreign leaders having U.S. educations is doubtless far higher. As U.S. alumni move into key roles, they become an important base for future joint ventures, major export deals, and other significant cooperation. Their presence on campuses is extremely important to our public diplomacy efforts. While we can not, of course, know which of the 366,000 foreign students now in the United States will turn out to be a Corazon Aquino, Salinas de Gortari, Benazir Bhutto, or Aleksandr Yakovlev, we know that many of them will rise to such positions and that their period of study in the United States will be extremely significant in determining the future relationship of their nations to ours.

On the other side of the equation, it is increasingly important that we enable more of our students from all economic and social backgrounds to study abroad in more places. Currently only two percent of our undergraduates study abroad. These students are predominantly humanities and social science students and they overwhelmingly go to Western Europe. If the United States is going to compete successfully in the emerging global economy, we must expand and diversify study abroad programs. We need USIA's support in developing new study abroad programs in non-traditional disciplines and world regions.

Unfortunately, USIA's support for privately-sponsored exchanges has declined drastically in recent years and is now in serious danger of disappearing entirely. The graph below shows USIA funding for activities relating to privately-sponsored foreign students and study abroad participants on a per student basis. As it reveals, in 1986 USIA was investing close to nine dollars per student toward the exchange infrastructure and enrichment activities (overseas advising, training of professionals and volunteers, resource materials of various kinds, research on admission of foreign students and credit for study abroad, etc.). This figure has fallen to less than five dollars per student in the 1991 budget request. Virtually all this decline is due to decreased USIA funding, rather than increased student numbers which have only increased slightly.



This decline is only partly a function of general fiscal limitations. It is, we believe, primarily due to a structural budget problem which we urgently call to the Subcommittee's attention. In 1984, when USIA's exchanges account was created, the program which supports non-USIA sponsored exchanges, Student Support Services, was left in the Salaries and Expenses account, along with several other Education Bureau programs. The table below illustrates the damage these programs have sustained. Although the overall level of funding for USIA's Salaries and Expenses Account has increased by nearly eighteen percent between 1986 and the 1991 request, the budget for Student Support Services has fallen by more than thirty-five percent, and the funding for other Education Bureau S&E programs has also fallen dramatically.

PROGRAM/ACCOUNT (Amounts in millions)	FY86 Act	FY87 Act	FY88 Act	FY89 Act	FY90 Act	FY91 Act	FY86-89 +/-%
USIA S&E (Total)	$546.50	$588.23	$620.35	$620.35	$635.11	$643.53	17.8%
Stud Support Serv's	$3.37	$3.60	$3.11	$2.61	$2.61	$2.18	-35.3%
Youth Exchange	$4.04	$3.59	$3.46	$3.30	$1.26	$1.16	-71.3%
Study of U.S.	$.41	$.48	$.34	$.35	$.35	$.36	-12.1%
Cult Cent's & Res's	$8.46	$5.34	$4.68	$4.22	$4.85	$5.03	-40.6%
Overseas Schools	$2.46	$2.25	$1.92	$1.92	$1.69	$1.70	-30.8%

This problem and the need to maintain funds for Student Support Services were cited by conferees of the Foreign Relations Authorization Act for 1990 and 1991 (PL 101-246) in the Conference Report (101-343) on that legislation (copy accompanies).

As we see it, Student Support Services and these other small but extremely important programs are doomed for extinction if they must continue to compete for funds in the same account that funds Agency personnel.

We urgently request that the Subcommittee move funds for Student Support Services from the Salaries and Expenses account to the Educational and Cultural Exchanges Account. This change will enable

Student Support Services to compete for funding with an appropriate set of priorities. If funded from the Exchanges Account, USIA would be able to weigh the costs and benefits of its catalytic support for exchanges not sponsored by the Agency against those of its direct investments in scholarship programs and determine an appropriate balance of support between them.

However, for 1991 we urge the Subcommittee to set funding for Support Services at $4.5 million (adding $3.7 million to the $.8 million currently proposed to be spent on support activities under the world-wide segment of the academic programs budget). This would represent funding at approximately $10 per foreign student and study abroad participant, an amount which USIA and the exchange community agree is an appropriate level of government support for such exchanges. Having thus established a base-line for funding Student Support Services in the exchanges account, we do not anticipate the need for specifying funding for the function in future appropriations.

For further information on this important issue a National Association for Foreign Student Affairs white paper on the role of federal investments in the infrastructure for exchanges is included with my statement.

Use of Debt Conversion to Extend Exchange Resources As the Subcommittee is aware, huge levels of debt owed by developing nations to U.S. banks and other lenders have become a tremendous global problem. However, options are emerging to put some of this debt to good use through conversion to local currencies. We believe these financial mechanisms can be of considerable use in extending the buying power of USIA's exchange program resources in certain parts of the world. Creative use of foreign debt after World War II funded the most well known and very successful exchange program, the Fulbright Scholarship Program.

Funds converted to local currencies can be used to purchase goods and services for programs of mutual interest to both the developing nation and the United States. In return, a portion of the debt owed by the developing nation is retired. This is most commonly done by buying such debt at the prevailing market price from the lending institution. For many less developed countries, this price is at substantial discount from the face dollar amount of the loan, sometimes at ten cents for a dollar. In such arrangements, the developing nation involved agrees to pay the full face value or near equivalent of the debt in local currency to be used for agreed upon purposes. Through this mechanism, the purchasing power of a program dollar can be greatly expanded in local currency in the developing nation.

The Liaison Group believes that this funding mechanism could be used to fund several types of USIA exchange activities overseas, such as the operation of overseas educational advisory services and cultural centers. It is even possible that support for U.S. exchange participants in certain countries could be funded in this manner.

Congress, in legislation passed last year, has encouraged the use of debt for development and debt for nature programs by the U.S. Agency for International Development. Under guidelines issued by the agency, not-for-profit organizations may finance debt swaps to fund development activities, thereby leveraging limited resources. A copy of that statutory language and implementing regulations accompany my statement. The Liaison Group urges the Subcommittee to consider providing similar statutory authority to USIA.

Soviet and Eastern European Research and Training Program

While we have great expectations regarding our blossoming relationship with the nations of Eastern Europe, we actually know next to nothing about their languages, cultures, and institutions. We have tended to view these nations over the last forty-five years as uniform miniature clones of Soviet socialism. In fact, each has its own unique history, characteristics, problems, languages, subcultures, institutions, etc. If we are to succeed in building close and productive ties with these emerging societies we must come to understand them far better than we now do. Our current floundering efforts to provide immediate aid to them illustrate our illustrate a woeful lack of knowledge. To do this, we must get additional scholars to those societies to develop our national knowledge base about them. For this purpose we urge the Subcommittee to recommend a funding level of $9.2 million for the State Department's Soviet and Eastern European Research and Training Program. This is the funding level proposed in the SEED II legislation (S. 2040) now pending consideration by the Senate Foreign Relations Committee.

The members of the Liaison Group and I greatly appreciate the Subcommittee's time and attention to these recommendations.

CONFERENCE REPORT LANGUAGE ACCOMPANYING HR 3742 (ENACTED AS PL 101-246)

PART B—BUREAU OF EDUCATIONAL AND CULTURAL AFFAIRS

AUTHORIZATIONS OF APPROPRIATIONS

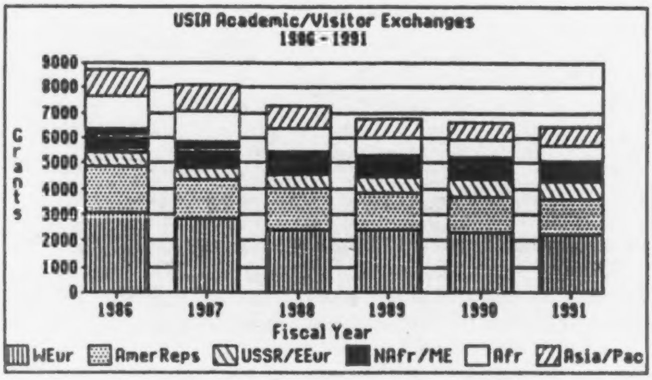
The House bill (section 201) authorizes $153,000,000 for fiscal year 1990 and $152,120,000 for fiscal year 1991 for the activities of the Bureau of Educational and Cultural Affairs and to fund exchange programs of the Bureau. The House bill also earmarks $150,000 for training at the University of Maine for media personnel from developing French-speaking countries.

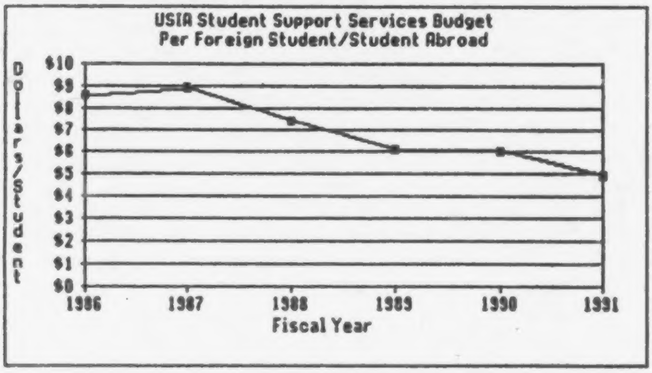
The Senate amendment (section 203) authorizes $196,626,000 for fiscal year 1990 to fund the exchange programs and salaries and expenses for the Bureau of Educational and Cultural Affairs.

The conference substitute (section 221) authorizes: (1) $97,460,000 for the Fulbright Academic Exchange Programs for fiscal year 1990 and $101,358,000 for fiscal year 1991; (2) $41,817,000 for the International Visitors Program for fiscal year 1990 and $43,490,000 for fiscal year 1991; and (3) $5,500,000 for the Hubert Humphrey Fellowship Program for fiscal year 1990 and $5,720,000 for fiscal year 1991; and (4) $6,400,000 in fiscal year 1990 and $6,656,000 in fiscal year 1991 for Arts America; and $43,323,000 in fiscal year 1990 and $45,056,000 in fiscal year 1991 for salaries and expenses.

The conferees are concerned about the reduced support in recent years of certain Bureau of Educational and Cultural Affairs activities which are funded from the Salaries and Expenses account. Many of these small but important programs have been cut from 20 to 40 percent. Funding for the Division of Advising, Teaching, and Specialized Services (formerly Student Support Services) is of special concern because of its importance to the entire higher education exchange infrastructure. The conferees urge the Agency to maintain, and possibly increase, allocations for such programs.

Accompanying Illustrations to Martin Limbird Testimony





USIA Education Bureau S&E Funding Levels
FY1986 - FY1991

PROGRAM/ACCOUNT (Amounts in millions)	FY86 Act	FY87 Act	FY88 Act	FY89 Act	FY90 Act	FY91 Act	FY86-89 +/-%
USIA S&E (Total)	$546.50	$588.23	$620.35	$620.35	$635.11	$643.53	17.8%
Stud Support Serv's	$3.37	$3.60	$3.11	$2.61	$2.61	$2.18	-35.3%
Youth Exchange	$4.04	$3.59	$3.46	$3.30	$1.26	$1.16	-71.3%
Study of U.S.	$.41	$.48	$.34	$.35	$.35	$.36	-12.1%
Cult Cent's & Res's	$8.46	$5.34	$4.68	$4.22	$4.85	$5.03	-40.6%
Overseas Schools	$2.46	$2.25	$1.92	$1.92	$1.69	$1.70	-30.8%

FEB 9 1990

INFORMATION MEMORANDUM FOR THE ACTING ADMINISTRATOR

FROM: DGC, John E. Mullen

SUBJECT: Recent Statutory Enactments On Debt for Development: Modifications to A.I.D. Debt for Development Guidelines

I. SUMMARY

This memorandum summarizes recent statutory enactments and regulatory changes regarding the A.I.D. Debt for Development Initiative. The subject enactments are contained in the Fiscal Year 1990 Foreign Assistance Appropriations Act (P.L. 101-167) (the "Appropriations Act"), enacted on November 21, 1989; and the International Development and Finance Act of 1989 (P.L. 101-240), enacted on December 19, 1989.

The above enactments express strong congressional support for the A.I.D. Debt for Development Initiative, as well as for other U.S. Government efforts to reduce debt burdens of developing countries. The enactments reflect positive congressional action to remove obstacles to effective use of the Initiative. As discussed further below, the cumulative effect of these enactments for A.I.D. has been: (1) to relieve nongovernmental organizations (the Debt for Development "intermediaries") receiving A.I.D. grants from the previous requirement to return to the U.S. Treasury interest earned on local currencies received from the exchange of A.I.D.-financed debt, and to allow such intermediaries to establish endowments with such local currencies; (2) to provide permanent, specific authority to A.I.D. to finance Debt for Development transactions involving natural resources ("Debt for Nature" exchanges); and (3) to require A.I.D. to take the initiative in stimulating Debt for Nature exchanges, especially in sub-Saharan Africa.

As an immediate consequence of these enactments, the A.I.D. Debt for Development Guidelines have been modified to remove the requirement, previously contained in Sections D(10) and D(11) of those Guidelines, to return to the U.S. Treasury interest received by intermediaries on Debt for Nature and other Debt for Development exchanges. A.I.D. also may now approve proposals by nongovernmental organizations to establish endowments with local currencies received from such debt exchanges and to use the interest earned on such endowments either to expand the endowment or for ongoing program purposes, without further appropriation by Congress. This endowment authority is novel and highly significant, because it allows establishment of long-term funding mechanisms for A.I.D. nongovernmental organization grantees.

Finally, as a result of recent enactments, A.I.D. for accounting and other purposes will no longer regard the local currencies received in exchange for debt retirement as grant "advances." Instead, a Debt for Development dollar advance will be liquidated upon the purchase of the debt, which will effectuate the terms of the agreement between the intermediary and the debtor government providing for prompt retirement of the debt in exchange for development resources (such as local currencies, environmental set-asides, or policy commitments) needed for additional project purposes. The use of such resources by the intermediary for agreed-upon purposes will be subject to quarterly reporting requirements.

The above statutory and regulatory changes, reflected in modified Debt for Development Guidelines described in Part V of this memorandum, should significantly enhance the attractiveness of the Debt for Development mechanism, both to intermediaries and debtor countries.

II. BACKGROUND

In February 1989, A.I.D. announced a new Debt for Development Initiative to finance certain programs of nongovernmental organizations by means of debt exchange transactions. (The Debt for Development Guidelines issued by A.I.D. at that time are Attachment A to this memorandum.) Through this new financing mechanism, nongovernmental organizations (such as private voluntary organizations, cooperatives and universities) serving as Debt for Development "intermediaries" use A.I.D. grant dollars to buy developing country debt at a discount price. The intermediaries subsequently exchange the debt for local currencies needed for development activities. Debt for Development transactions achieve a dual purpose: they reduce debt burdens of aid-recipient countries, and they obtain a favorable rate of exchange for A.I.D. funds provided to nongovernmental organizations for foreign assistance purposes.

During the past year, A.I.D. has gained useful experience with the Debt for Development mechanism. A Debt for Development transaction will provide $1 million to the World Wildlife Fund for biological diversity and other nature preservation activities in Madagascar. Another Debt for Development transaction will provide $2,050,000 to the International Foundation for Education and Self-Help (IFESH) for self-help development efforts in Nigeria, Niger and Guinea. Additional proposals are pending in other countries.

A significant obstacle to wider utilization of the Debt for Development mechanism has been the requirement regarding use of interest earned on local currencies obtained by intermediaries through debt exchange transactions. Sections D(10) and D(11) of the A.I.D. Debt for Development Guidelines have required that all such interest be remitted to A.I.D., for the account of the U.S. Treasury. This rule, which has been required by general principles of law governing appropriated funds, has reduced the value to intermediaries of Debt for Development transactions, especially where the debtor country will make installment rather than lump sum payments of local currencies to intermediaries in exchange for release of its debt obligations. In accordance with recent enactments, this rule has now been changed.

III. AUTHORITY IN THE FY 1990 APPROPRIATIONS ACT

Section 584 of the FY 1990 Appropriations Act provides:

> "In order to enhance the continued participation of nongovernmental organizations in economic assistance activities under the Foreign Assistance Act of 1961, including debt-for-development and debt-for-nature exchanges, a nongovernmental organization may invest local currencies which accrue to that organization as a result of economic assistance provided under the heading "Agency for International Development" and any interest earned on such investment may be used, including for the establishment of an endowment, for the purpose for which the assistance was provided to that organization."

Section 584 authorizes nongovernmental organizations to retain, for program purposes, interest earned on local currencies received through an A.I.D.-financed debt exchange (or as a result of other economic assistance activities), and to establish endowments with such funds.

As background to Section 584, the Senate Appropriations Committee Report (S.Rep't 101-131) on the FY 1990 foreign assistance appropriations bill emphasizes the magnitude of the international debt problem and describes the damaging effect of the previous interest repayment rule on those Debt for Development exchanges targetted to nature preservation:

> "The Committee notes that there is approximately $1,200,000,000 in outstanding debt by developing countries. This debt places enormous pressures on many of these countries to consume their natural resources in an uncontrolled manner. This process not only causes serious and irreversible ecological damage, but also precludes the economic opportunities provided by the sustainable use of natural resources. While the Committee does not expect debt-for-nature exchanges to significantly reduce the debt burden, it can be a powerful tool in generating additional resources for environmental protection.
>
> "A.I.D. has been hindered in the execution of debt-for-nature exchanges by the requirement that interest bearing accounts set up from Federal funds have their interest returned to the U.S. Treasury. Thus, A.I.D. has been prohibited from participating in the most effective, and least inflationary, of debt exchanges by this requirement. Accordingly, the Committee has included bill language authorizing A.I.D. to provide funds to nongovernmental organizations for debt-for-nature exchanges, and allowing those NGO's to retain interest earned on the proceeds of any such exchange pending their disbursement for an approved natural resource protection program."

The House Appropriations Committee's Report (H.Rep't 101-165) on the appropriations bill states more general support for certain debt exchanges:

> "The Committee continues to support debt-for-nature swaps as a small but creative and promising contribution to the overall debt problem in the developing world. . . . The Committee is . . . encouraged by specific debt for environmental strategies originating in developing countries, such as a proposal by the government of Costa Rica, suggesting debt relief for energy efficiency and conservation in that country."

Section 584 and the Appropriations Committee reports reflect strong congressional support for the debt exchange mechanism and for the A.I.D. Debt for Development Initiative. In authorizing retention of interest earnings and establishment of endowments, Congress has removed a principal obstacle to wider utilization of the debt exchange mechanism.

IV. INTERNATIONAL DEVELOPMENT AND FINANCE ACT PROVISIONS

Titles IV through VII of the International Development and Finance Act ("IDF Act") set guidelines and impose certain requirements for United States policy on international debt issues, especially regarding Multilateral Development Bank (MDB) transactions. These provisions will be described in a separate Information Memorandum.

A. Debt for Development: With regard to Debt for Development, Section 531 of the IDF Act states the sense of the Congress that Debt for Development exchanges "serve a useful purpose" by providing "highly indebted developing countries with a creative method of reducing external debt burdens" and by enabling banking institutions to strengthen overall loan portfolios through reduction of high external debt burdens. Section 531(b) directs "each appropriate Federal banking agency" to "adopt uniform guidelines" supportive of Debt for Development transactions.

B. Debt for Nature: Title VII of the IDF Act, which is separately titled the "Global Environmental Protection Assistance Act of 1989" ("Global Environment Act") enacts into permanent law, as a new chapter 7 of part I of the Foreign Assistance Act, detailed authority and guidelines on Debt for Nature exchanges. A copy of this new Act is Attachment B to this Memorandum.

The Global Environment Act specifically authorizes A.I.D. to provide grant assistance to nongovernmental organizations to purchase discounted commercial debt of developing countries for use in a Debt for Nature exchange. It authorizes Debt for Nature exchanges with those countries that are "fully committed" to the long-term viability of the nature project, that have prepared (or have provided for the preparation of) a long-term plan, and that have a governmental or nongovernmental entity capable of overseeing long-term project viability. The Act defines broadly the environmental purposes that may be achieved by such an exchange. For example, such efforts may include (1) protection efforts for the world's oceans and atmosphere, animal and plant species, and parks and reserves; (2) development of natural resource management, local conservation and training programs; and (3) promotion of regenerative approaches in farming, forestry, fishing, and watershed management.

Significantly, the Global Environment Act authorizes grantees (as well as subgrantees) of Debt for Nature grants to retain interest earned on the proceeds of a Debt for Nature exchange, and the Act allows establishment of endowments with such proceeds and interest. Unlike the similar authority provided for all Debt for Development grants in the FY 1990 Appropriations Act, discussed above, the Debt for Nature authority provided in the Global Environment Act is permanent because it has been included in the Foreign Assistance Act.

Finally, the Global Environment Act directs A.I.D. to take the initiative in developing Debt for Nature proposals. The Act directs A.I.D., in cooperation with nongovernmental organizations, to "seek to identify those areas, which because of an imminent threat, are in particular need of immediate attention to prevent the loss of unique biological life or valuable ecosystem," and it directs A.I.D. to "encourage as many eligible countries as possible" to propose Debt for Nature exchanges in order to "demonstrat[e] to a large number of governments the feasibility and benefits of sustainable development."

C. Pilot Program in Sub-Saharan Africa: The Act directs A.I.D., in cooperation with nongovernmental conservation organizations, to "invite the government of each country in sub-Saharan Africa to submit a list of those areas of severely degraded national resources which threaten human survival and well-being and the opportunity for future economic growth or those areas of biological or ecological importance within the territory of that country." A.I.D. is directed to "assess the list submitted by each country" and to "seek to reach agreement" with that country for the "restoration and future sustainable use of those areas."

The Act specifically authorizes A.I.D. to make grants to nongovernmental organizations to purchase discounted commercial debt of an eligible sub-Saharan country "in exchange for commitments by that government to restore," or for "commitments to develop plans for sustainable use" of, natural resources identified by the country in the list submitted to A.I.D. The Act reiterates the authority of Debt for Nature grantees to retain interest earned on proceeds of a Debt for Nature exchange in sub-Saharan Africa, and to establish an endowment with such proceeds and interest.

Though A.I.D. has previously had authority to award Debt for Nature (as well as other Debt for Development) grants under general provisions of the Foreign Assistance Act, the Global Environment Act provides specific authority and detailed guidelines for administration of a Debt for Nature program, especially in sub-Saharan Africa. The Act is most significant in providing permanent authority to Debt for Nature grantees to retain interest on proceeds of debt exchanges, and to establish endowments.

V. MODIFICATIONS TO A.I.D. GUIDELINES

In accordance with the new statutory authority provided in the Appropriations and IDF Acts, the A.I.D. Debt for Development Initiative Guidelines have been revised by deleting the text of Section D(10), titled "Interest Earned on Local Currencies Obtained from the Debt Exchange." Section D(11), regarding "Installment Payments in Exchange for Debt Retirement," has also been revised by deleting the last sentence of the first paragraph, which reiterates the interest repayment requirement.

In place of the above provisions, the following new text has been provided for Section D(10);

> Subject to agreement by A.I.D. and any special rules to be issued by A.I.D., the intermediary may earn and retain interest or other forms of income on the principal amount of local currencies obtained by the intermediary through debt exchange transactions, and the intermediary may use such principal and income either directly for approved program purposes or to establish an endowment for long-term financing of such program purposes. During the life of the project, the intermediary shall make quarterly reports to A.I.D. of the amount of such local currencies earned, retained or used for project purposes.

In addition, in response to enquiries and suggestions of interested parties since A.I.D. issued its original Guidelines for the Debt for Development Initiative in February 1989, the Guidelines will be modified in order to: (1) clarify that parties eligible to participate in Debt for Development activities include educational institutions, such as universities, which are not instruments of the aid-recipient governments; and (2) advise that in reviewing proposals by debtor governments to make debt exchange local currency payments in installments rather than in a single lump sum, A.I.D. and the intermediary organizations should consider the risk of nonpayment by the debtor country and whether insurance or other guarantees against nonpayment should be provided to reduce the risk of loss.

Drafted:EHonnold:GC/LP:x78371:2/7/90:Doc#2675J

Clearances:
AA/LEG, RRandlett (draft)
AA/PPC, RBrown (draft)
PPC/EA, ECostello (draft)
PFM/FM/C, MUsnich (draft)
GC/LP, RLester (draft)

Attachment A

AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON D C 20523

SHOWING MODIFICATIONS TO GUIDELINES

February 15, 1989

A.I.D. ANNOUNCES DEBT FOR DEVELOPMENT INITIATIVE

In response to the debt crisis facing many developing countries, the U.S. Agency for International Development (A.I.D.) is initiating a new Debt for Development mechanism to finance development assistance activities of non-governmental organizations. Through this new Initiative, A.I.D. will support certain programs of nongovernmental organizations in developing countries through debt exchange transactions that will both reduce the host countries' debt burdens and obtain a favorable rate of exchange for foreign assistance funds provided to such organizations.

I. INTRODUCTION TO THE A.I.D. INITIATIVE

A. Summary

With the Debt for Development Initiative, A.I.D. will use foreign assistance funds to finance the purchase, by intermediary organizations, of debt currently owed by developing countries to foreign creditors. A.I.D. will finance the purchase of debt at the discount price at which such debt is currently bought and sold on the secondary market.

Instead of seeking to collect the full face value of debt acquired through the Debt for Development Initiative, however, A.I.D. will provide for the retirement of the debt in exchange for resources that the debtor country will provide for use in development activities. For example, debt acquired with A.I.D. funds could be retired in exchange for local currencies to be used in A.I.D.-financed health and nutrition programs in the debtor country. By converting foreign assistance dollars into local development resources (such as local currencies) through the debt exchange market, A.I.D. will be able to reduce the debt burden of developing countries while also obtaining local development resources at a favorable rate of exchange.

and universities that are not instruments of the aid recipient country's government.

Resources received through Debt for Development transactions will be used for A.I.D.-financed projects of non-governmental organizations, such as private voluntary organizations (PVOs), ~~and~~ cooperatives, These organizations will play a central role in the Debt for Development Initiative by serving as intermediaries between A.I.D. and the current owners ("holders") of developing country debt, as well as between A.I.D. and the debtor countries, for the purpose of acquiring and retiring debt. Intermediary organizations will then be responsible for managing the use of resources acquired through the debt exchange for development activities approved by A.I.D.

B. Background on the International Debt Market

Many developing countries face serious difficulties in repaying high volumes of debt owed to foreign governments and private commercial lenders. Payments of principal and interest on debt consume a large proportion of the foreign currencies earned by developing countries. Heavy debt burdens also limit opportunities for obtaining new credit, thus impeding development efforts.

In recent years a private commercial market has developed for the debt obligations of nations ("sovereign debt"), which can be bought or sold like other commercial property. Because of the increasing risk that many heavily indebted countries will be unable to repay either all or part of their debt, debtholders have become willing to sell the debt for an amount less than the debt's face value. Debtholders may wish to sell this debt, even at a "loss" resulting from the discount price, in order to capture the debt's current value and to reduce the volume of non-performing loans in their loan portfolios.

Parties wishing to invest, conduct other forms of business, or support development activities in developing countries may find it attractive to purchase the debt of developing countries at current discount prices. After buying the debt, the new debtholders exchange or swap the debt for assets (such as local currencies or equity shares in local enterprises) provided by the debtor country. The value of the assets received in this exchange may be less than the debt's face value but greater than the debt's purchase price. Thus the buyer ultimately gains a more valuable asset in the debtor country through the mechanism of the debt exchange than through direct acquisition with dollars or use of conventional currency exchange markets.

Each activity of a nongovernmental organization financed through a Debt for Development transaction must be approved by A.I.D. in accordance with standard Agency rules and procedures applicable to funding of nongovernmental organization activities. Both new and ongoing activities of nongovernmental organizations will be eligible for financing, either in whole or in part, through A.I.D. Debt for Development transactions.

D. Illustrative Transaction

Each Debt for Development transaction will be accomplished through a series of agreements and transactions involving the debtor country, the debtholder, A.I.D., and an intermediary organization. The A.I.D. Debt for Development Guidelines, which follow in Part II, will govern these transactions. The following hypothetical transaction shows in abbreviated form the steps needed to complete a typical Debt for Development exchange.

Example: A private voluntary organization dedicated to preservation of endangered species (in this hypothetical example, the organization will be called "Preservation International") has received a commitment by A.I.D., or is preparing to submit a proposal to A.I.D., to fund a project to preserve a species of wildfowl in the Philippines. This project will require a sum of local currencies to finance a wildfowl protection plan, as well as a commitment by the Government of the Philippines to set aside a significant acreage of public land as a wildfowl refuge.

Preservation International determines that the Government of the Philippines owes a substantial quantity of debt to foreign creditors (such as banks), and that certain creditors are selling their Philippine Government debt at a substantial discount. Preservation International contacts A.I.D./Washington or the A.I.D. Mission in Manila to determine whether the acquisition of Philippine Government debt as part of a debt exchange to finance a wildfowl preservation project in the Philippines would be consistent with U.S. and multilateral economic policy and A.I.D. project priorities in the Philippines.

If A.I.D. responds favorably to Preservation International's enquiry, representatives of the organization (perhaps in collaboration with USAID Mission personnel) initiate a discussion with representatives of the Government of the Philippines, most likely including representatives of the Central Bank. These discussions explore the interest of the Philippine Government in supporting a wildfowl preservation project financed through the proceeds of a Debt for Development transaction financed by A.I.D. Preservation International reaches an agreement in principle with the Government on the basic terms of a Debt for Development agreement establishing the terms, mechanism, and schedule for retirement of Philippine Government debt in exchange for local currency and Government commitments to establish a wildfowl refuge. Preservation International also confirms the availability of Philippine debt for sale on the secondary commercial market and the current price of such debt.

Preservation International then prepares a proposal for A.I.D. describing, among other things, the wildlife preservation objective of the project, the anticipated role of Philippine debt in financing the project, the availability of such debt for purchase, the proposed use of a broker or other means to acquire and process the debt certificates, the willingness of the Government of the Philippines to provide local currency and wildfowl refuge commitments in exchange for retirement of debt, and a plan for use of local currency to meet project objectives.

If A.I.D. agrees to finance the project, it enters into an agreement with Preservation International setting forth the basic terms and procedures of the Debt for Development transaction, as well as other issues normally addressed in a project agreement. With the financing for the transaction assured, Preservation International enters into a formal agreement with the Government of the Philippines setting the terms for the eventual debt exchange.

Preservation International then negotiates a favorable discount price for purchase of a volume of Philippine Government debt from a willing commercial seller. Consistent with the Debt for Development agreement between A.I.D. and Preservation International, A.I.D. provides grant funds to finance the purchase of this debt. Preservation International takes title to the debt but promptly retires it in exchange for the local currency and commitments promised by the Government of the Philippines in the Government's separate agreement with Preservation International.

Preservation International subsequently utilizes the local currency, which the Government provided in exchange for the debt retirement, for wildfowl preservation purposes. It monitors the Philippine Government's compliance with its commitment to set aside a wildfowl refuge, as provided in the debt retirement agreement, and it administers the project in a manner otherwise consistent with standard rules governing A.I.D.-financed projects.

II. A.I.D. DEBT FOR DEVELOPMENT GUIDELINES

A.I.D. has prepared the following Debt for Development Guidelines to govern administration of the Agency's Debt for Development Initiative. These Guidelines describe the role of intermediary organizations in the Initiative, the types of A.I.D. grants that will be available, and the various administrative and contractual procedures required in order to effect a Debt for Development transaction. A.I.D. expects to modify these Guidelines as it gains experience with the Debt for Development Initiative.

A. Introduction

1. Scope and Applicability: The following Debt for Development Guidelines govern the programming of funds made available to the Agency for International Development (A.I.D.) under the Economic Support Fund (ESF) and Development Assistance (DA) accounts (including the Development Fund for Africa), to the extent such funds are used to finance the purchase of debt owed by developing countries to parties other than the United States Government. All such debt acquired with A.I.D. financing will be exchanged for local currencies or other assets (such as local currencies or host country development efforts) needed to achieve one or more objectives of the ESF or DA program.

Organizations receiving foreign assistance funds from A.I.D. may not use such funds to acquire debt owed by developing countries, or engage in other transactions involving such debt, without prior approval of A.I.D. All debt acquisitions financed directly or indirectly by A.I.D. shall be undertaken in accordance with these Debt for Development Guidelines.

2. Purpose of Guidelines: These Guidelines are designed to ensure that A.I.D.-financed Debt for Development programs achieve the objectives stated in these Guidelines and operate in a manner consistent with United States laws governing the use of appropriated funds.

3. Issuing Party and Authority: A.I.D. issues these guidelines under the authority provided in the Foreign Assistance Act of 1961, as amended.

4. Modifications to Guidelines: Modifications to these Guidelines may be needed as A.I.D. gains experience with its Debt for Development program. Parties cooperating with A.I.D. in the implementation of this Initiative are encouraged to identify problems that arise in applying these Guidelines and to suggest any needed changes.

B. Objective

The objective of the A.I.D. Debt for Development Initiative is to finance foreign assistance activities of nongovernmental organizations (such as voluntary agencies and cooperatives) through debt transactions that will:

-- (1) assist in reducing the foreign debt burdens of developing countries that receive U.S. foreign assistance, consistent with the general economic development purposes of the U.S. foreign assistance program; and

-- (2) obtain a favorable rate of exchange for U.S. foreign assistance dollars that are converted into local currencies or exchanged for other assets needed for foreign assistance programs.

C. General Statement of Policy

To achieve the objectives stated above and consistent with A.I.D. rules and regulations (including the present Guidelines), A.I.D. invites non-governmental organizations, such as private voluntary organizations (PVOs), ~~and~~ cooperatives, (which these Guidelines refer to as Debt for Development "intermediary organizations" or "intermediaries"), to develop proposals for grants and cooperative agreements with A.I.D. to implement the A.I.D. Debt for Development Initiative.

A.I.D. will review proposals by intermediary organizations to use foreign assistance funds to finance the purchase, by the intermediary organization, of debt owed by developing countries to parties other than the United States Government. Such proposals must provide for prompt retirement of such debt through an exchange of the debt for local currencies or other assets furnished by the debtor country to the intermediary for development activities. A.I.D. will receive Debt for Development proposals from intermediary organizations in a wide range of program areas, such as environmental protection, population planning and health, and microenterprise development for both new and ongoing project activities.

A.I.D. will issue a limited number of awards to assist intermediary organizations to develop proposals for Debt for Development transactions that will achieve foreign assistance purposes. Once a Debt for Development transaction has been approved, A.I.D. will closely monitor the intermediary's use of A.I.D. funds to acquire debt and, in appropriate circumstances, will provide technical advice (usually through consultants) to assist intermediaries in purchasing and exchanging debt.

and universities which
are not instruments of

D. Debt for Development Procedures

1. Role of Intermediary Organizations: A.I.D. will not directly acquire debt of a developing country for use in a Debt for Development exchange. Instead, A.I.D. will provide foreign assistance grant funds to finance the acquisition of such debt by intermediary organizations. In consultation with A.I.D. Missions, intermediaries will negotiate with the debtor country the terms of the subsequent debt retirement. Intermediaries will also arrange for the purchase of debt and will assume primary responsibility for managing the use of assets generated by the debt retirement. Intermediary organizations, therefore, will play a central and critical role in the A.I.D. Debt for Development Initiative.

2. Types of A.I.D. Awards: To assist the participation of intermediary organizations in Debt for Development transactions, A.I.D. intends to make foreign assistance funds available to support both (a) the preparation of Debt for Development proposals by intermediaries, and (b) the acquisition and retirement of the debt itself once an intermediary's proposal for a Debt for Development program has been approved by A.I.D. A.I.D. expects to allocate a larger share of foreign assistance resources to acquire the debt than to assist preparation of Debt for Development proposals.

a. Awards to support preparation of proposals: As described more fully in Part II(D)(5) of these Guidelines, A.I.D. will agree to finance debt transactions only after an intermediary organization and a debtor country have reached an agreement in principle on the purpose and terms of the eventual debt exchange, and after the intermediary has investigated the availability and price of a particular country's debt on the international commercial market. Extensive negotiations between the intermediary and debtor nation, as well as various studies and consultations regarding the availability of a country's debt for purchase, may be needed to meet these preconditions.

A.I.D. will expect most nongovernmental organizations to furnish the staff and resources needed to meet the above preconditions. However, A.I.D. will issue a limited number of awards to assist intermediary organizations in preparing Debt for Development proposals and in negotiating the terms of the debt exchange with the debtor nation. Such awards will be made only to those intermediary organizations that can demonstrate a capacity to undertake successfully the complex tasks of a debt exchange transaction, as well as to administer the development activity to be financed by the transaction.

Applications for financing to support pre-award Debt for Development activities should address the following issues: (1) the nature of the development activity or ongoing project to be financed with assets acquired through the Debt for Development transaction; (2) the information needed and steps proposed to be undertaken to develop a final proposal and to reach agreement with the debtor country on the use of assets generated through the debt transaction; (3) the opportunities for purchase and the current market price (to the extent such information is readily available) of the country debt to be acquired with A.I.D. financing; (4) the anticipated advantages of acquiring local development assets by means of debt exchange rather than through direct purchase with dollars; and (5) the projected allocation of costs and expenditure of time needed to develop a final proposal.

b. Awards to finance Debt for Development transactions: A.I.D. will also make resources available to finance Debt for Development transactions by intermediaries. The following provisions of these Guidelines set prerequisites for the award of funds by A.I.D. to finance Debt for Development transactions and establish procedures for effecting such transactions once an intermediary's proposal for a debt exchange has been approved.

3. Foreign Assistance Purpose of Each Debt Transaction: All Debt for Development transactions will advance the fundamental foreign assistance purpose of reducing a country's foreign debt burdens (see "Objectives" specified in Part II(B)). For A.I.D. to approve a Debt for Development proposal, however, the assets acquired through a Debt for Development transaction must be used for a specific development assistance activity of a nongovernmental organization. The purpose of this activity must be consistent with the objectives of the particular category of assistance from which A.I.D. makes the Debt for Development award, and it must be clearly defined in advance of the issuance of that award.

For example, Development Assistance funds made available from the Agriculture, Rural Development, and Nutrition (Foreign Assistance Act ("FAA") Section 103) account will be used only to acquire debt that is to be converted into assets needed to advance Section 103 purposes. Development Assistance funds made available from the Population and Health (FAA Section 104) account will be used only to acquire debt that is to be converted into assets needed to advance population planning and health activities. Similarly, resources from the Development Fund for Africa will be used only to acquire debt to be converted into assets needed to advance development programs in sub-Saharan Africa. Economic Support Funds, to the extent available for Debt for Development transactions, may be used more broadly to advance ESF objectives of economic or political stability.

In reviewing an application for a Debt for Development transaction, A.I.D. will consider whether the ultimate use of the asset generated through the transaction is defined with sufficient specificity and is within the purposes of an available funding source.

4. Purchase of Debt at Lowest Possible Prices from Established and Reputable Sellers; Requirement of A.I.D. Approval: A.I.D. financing may only be used to purchase debt from established and reputable debt holders, such as major commercial banks. A.I.D. will expect each intermediary to use A.I.D. financing to acquire debt from such sellers at the lowest possible price, reflecting the full discount value of such debt in private commercial markets. No intermediary may use A.I.D. financing to acquire debt without A.I.D.'s express prior approval of the proposed transaction and sale price.

5. Pre-Agreement on Purpose and Terms of Debt Purchase and Retirement: Debt for Development transactions will be used to finance intermediary organization projects approved according to the usual A.I.D. standards and rules governing projects.

In addition to standard requirements, however, before A.I.D. agrees to finance a Debt for Development transaction, the intermediary must demonstrate to the satisfaction of A.I.D. that the intermediary has: (a) identified the asset to be obtained and the program activity to be financed through the debt transaction; (b) reached at least an agreement in principle with the debtor country regarding the terms, mechanism, and schedule for conversion of the debt into the identified host country asset; and (c) developed a budget and plan for use of the host country asset to achieve project purposes. An intermediary's mere expression of intent to use assets generated from a debt exchange for a general foreign assistance purpose will not be sufficiently definite to enable A.I.D. to make a financing award; before issuing an award, A.I.D. will require careful program planning and evidence of the debtor country's prior concurrence (for example, in the form of a signed agreement or a letter from the country's central bank or ministry of finance) on significant aspects of the eventual debt exchange.

A.I.D. will also require the intermediary to demonstrate that it has: (a) investigated the availability of the host country's debt for sale, (b) identified a reputable and willing seller of such debt (as discussed in Part II(D)(4) above), (c) determined the likely market price of the debt, (d) calculated the likely transaction costs to be incurred in acquiring and exchanging such debt, and (e) analyzed the financial and other advantages of acquiring the local development assets through the mechanism of a debt exchange rather than by direct purchase with dollars.

To develop a Debt for Development proposal that addresses each of the above points and that is sufficiently specific and definite, an intermediary may, if needed, request pre-agreement funding from A.I.D. (as described in Part II(D)(2)(a) above). A.I.D., however, expects to make available only a limited amount of funding for this purpose.

6. Various Agreements Required: To effect the various transactions involved in a Debt for Development plan, separate agreements among parties will be required, in the following sequence: (a) between A.I.D. and the intermediary approving the terms and conditions of the foreign assistance financing; (b) between the intermediary and the debtor country establishing the purpose and terms (as described in Part II(D)(5) above) of the planned debt exchange; and (c) between the intermediary and the debt holder effecting the initial sale of debt.

In exceptional cases it may be most efficient to combine the first two of these agreements into a single multi-party agreement among A.I.D., the intermediary and debtor country. A.I.D. will not be a party to the agreement between the seller of the debt and the intermediary organization. As discussed in Part II(D)(4) above, however, A.I.D. will require the intermediary to receive A.I.D.'s express approval of the proposed transaction and sale price before the intermediary expends A.I.D. funds to acquire debt.

7. Technical Assistance and Fees Incurred in Purchasing Debt: To assist intermediaries to purchase debt in the new international debt market, A.I.D. may make available to such intermediaries the services of financial consultants. A.I.D. funds may also be used to pay reasonable fees and transaction costs incurred by an intermediary in the purchase and exchange of debt, if such use of A.I.D financing is included in the Debt for Development agreement between A.I.D. and the intermediary.

8. Prompt Conversion of Debt into Development Asset: A.I.D. expects intermediaries to convert A.I.D.-financed debt into local currency or other development asset (as provided in the various Debt for Development agreements among the intermediary, debtor country and A.I.D.) as promptly as possible after the intermediary acquires the debt. Intermediaries may not: (a) retain title to such debt for speculative or other purposes, or (b) exchange the debt of one country for the debt of another country without prior approval of A.I.D.

9. Use of Development Asset by Intermediary: The intermediary shall promptly report to A.I.D. the nature and amount of the development asset acquired through an A.I.D.-financed Debt for Development transaction. On a quarterly basis the intermediary shall also report to A.I.D. on the use of the asset

for the agreed upon development purpose, and it shall comply with any further reporting requirements included in project agreements with A.I.D. The intermediary shall promptly transfer to A.I.D. any asset that for any reason the intermediary has become unable to use in a manner consistent with its Debt for Development agreement with A.I.D.

10. Interest Earned on Local Currencies Obtained from the Debt Exchange: ~~Local currencies obtained by intermediaries through debt exchange transactions shall be held in interest bearing accounts. The interest earned on all such currencies before their use for final program purposes shall be remitted to A.I.D., for the account of the U.S. Treasury, in accordance with standard rules governing interest earned by A.I.D. grantees on advances.~~

ADD INSERT "A"

11. Installment Payments in Exchange for Debt Retirement: The agreement between a Debt for Development intermediary and the debtor country may provide for the debtor country, in exchange for retirement of the A.I.D.-financed debt, to furnish the development asset (such as local currencies) to the intermediary in installments rather than in a single lump-sum. ~~Any portion of such installment payments attributable to interest, or to an amount paid in lieu of interest, must be paid by the intermediary to the U.S. Treasury in accordance with the previous paragraph.~~

Installment payment amounts may take into account variations in the rate of exchange of units of local currency for dollars occurring during the payment term. For example, in exchange for retirement of the debt, the intermediary could receive a dollar-denominated note providing for installment obligations equal in value to a fixed sum of dollars, with installment payments to be made in local currencies in an amount calculated according to the exchange rate from dollars to local currencies applicable at the time of each payment.

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INSERT MODIFICATIONS TO DEBT FOR DEVELOPMENT GUIDELINES

INSERT A (Section D(10))

Subject to agreement by A.I.D. and any special rules to be issued by A.I.D., the intermediary may earn and retain interest or other forms of income on the principal amount of local currencies obtained by the intermediary through debt exchange transactions, and the intermediary may use such principal and income either directly for approved program purposes or to establish an endowment for long-term financing of such program purposes. During the life of the project, the intermediary shall make quarterly reports to A.I.D. of the amount of such local currencies earned, retained or used for project purposes.

INSERT B (Section D(11))

In reviewing a proposal for such installment payments in exchange for debt retirement, A.I.D. and the intermediary should consider the risk of non-payment by the debtor country and whether insurance or other guarantees against non-payment should be provided to reduce the risk of loss.

Attachment B

TITLE VII—MISCELLANEOUS

SEC. 701. SHORT TITLE.

This title may be cited as the "Global Environmental Protection Assistance Act of 1989".

PART A—COMMERCIAL DEBT-FOR-NATURE EXCHANGES

SEC. 711. AMENDMENT TO THE FOREIGN ASSISTANCE ACT.

The Foreign Assistance Act of 1961 is amended by inserting after chapter 6 of part I the following new chapter:

"CHAPTER 7—DEBT-FOR-NATURE EXCHANGES

"SEC. 461. DEFINITION.—For purpose of this chapter, the term 'debt-for-nature exchange' means the cancellation or redemption of the foreign debt of the government of a country in exchange for—

"(1) that government's making available local currencies (including through the issuance of bonds) which are used only for eligible projects involving the conservation or protection of the environment in that country (as described in section 463); or

"(2) that government's financial resource or policy commitment to take certain specified actions to ensure the restoration, protection, or sustainable use of natural resources within that country; or

"(3) a combination of assets and actions under both paragraphs (1) and (2).

"SEC. 462. ASSISTANCE FOR COMMERCIAL DEBT EXCHANGES.—(a) The Administrator of the Agency for International Development is authorized to furnish assistance, in the form of grants on such terms and conditions as may be necessary, to nongovernmental organizations for the purchase on the open market of discounted commercial debt of a foreign government of an eligible country which will be canceled or redeemed under the terms of an agreement with that government as part of a debt-for-nature exchange.

"(b) Notwithstanding any other provision of law, a grantee (or any subgrantee) of the grants referred to in subsection (a) may retain, without deposit in the Treasury of the United States and without further appropriation by Congress, interest earned on the proceeds of any resulting debt-for-nature exchange pending the disbursements of such proceeds and interest for approved program purposes, which may include the establishment of an endowment, the income of which is used for such purposes.

"SEC. 463. ELIGIBLE PROJECTS.—(a) The Administrator of the Agency for International Development shall seek to ensure that debt-for-nature exchanges under this chapter support one or more of the following activities by either the host government, a local private conservation group, or a combination thereof:

"(1) restoration, protection, or sustainable use of the world's oceans and atmosphere;

"(2) restoration, protection, or sustainable use of diverse animal and plant species;

"(3) establishment, restoration, protection, and maintenance of parks and reserves;

"(4) development and implementation of sound systems of natural resource management;

"(5) development and support of local conservation programs;

"(6) training programs to strengthen conservation institutions and increase scientific, technical, and managerial capabilities of individuals and organizations involved in conservation efforts;

"(7) efforts to generate knowledge, increase understanding, and enhance public commitment to conservation;

"(8) design and implementation of sound programs of land and ecosystem management; and

"(9) promotion of regenerative approaches in farming, forestry, fishing, and watershed management.

"(b)(1) In cooperation with nongovernmental organizations, the Administrator of the Agency for International Development shall seek to identify those areas, which because of an imminent threat, are in particular need of immediate attention to prevent the loss of unique biological life or valuable ecosystem.

"(2) The Administrator of the Agency for International Development shall encourage as many eligible countries as possible to propose such exchanges with the purpose of demonstrating to a large number of governments the feasibility and benefits of sustainable development.

"SEC. 464. ELIGIBLE COUNTRIES.—In order for a foreign country to be eligible to participate in a debt-for-nature exchange under this chapter, the Administrator of the Agency for International Development shall determine that—

"(1) the host country is fully committed to the long-term viability of the program or project that is to be undertaken through the debt-for-nature exchange;

"(2) a long-term plan has been prepared by the host country, or private conservation group, which adequately provides for the long-term viability of the program or project that is to be undertaken through the debt-for-nature exchange or that such a plan will be prepared in a timely manner; and

"(3) there is a government agency or a local nongovernmental organization, or combination thereof, in the host country with the capability, commitment, and record of environmental concern to oversee the long-term viability of the program or project that is to be undertaken through the debt-for-nature exchange.

"SEC. 465. TERMS AND CONDITIONS.—(a) The terms and conditions for making grants under this chapter shall be deemed to be fulfilled upon final approval by the Administrator of the Agency for International Development of the debt-for-nature exchange, a certification by the nongovernmental organization that the host government has accepted the terms of the exchange, and that an agreement has been reached to cancel the commercial debt in an agreed upon fashion.

"(b) Grants made under this section are intended to complement, and not substitute for, assistance otherwise available to a foreign country under this Act or any other provision of law.

"(c) The United States Government is prohibited from accepting title or interest in any land in a foreign country as a condition on the debt exchange.

"SEC. 468. PILOT PROGRAM FOR SUB-SAHARAN AFRICA.—(a) The Administrator of the Agency for International Development, in cooperation with nongovernmental conservation organizations, shall invite the government of each country in sub-Saharan Africa to submit a list of those areas of severely degraded national resources which threaten human survival and well-being and the opportunity for future economic growth or those areas of biological or ecological importance within the territory of that country.

"(b) The Administrator of the Agency for International Development shall assess the list submitted by each country under subsection (a) and shall seek to reach agreement with the host country for the restoration and future sustainable use of those areas.

"(c)(1) The Administrator of the Agency for International Development is authorized to make grants, on such terms and conditions as may be necessary, to nongovernmental organizations for the purchase on the open market of discounted commercial debt of a foreign government of an eligible sub-Saharan country in exchange for commitments by that government to restore natural resources identified by the host country under subsection (a) or for commitments to develop plans for sustainable use of such resources.

"(2) Notwithstanding any other provision of law, a grantee (or any subgrantee) of the grants referred to in section (a) may retain, without deposit in the Treasury of the United States and without further appropriation by Congress, interest earned on the proceeds of any resulting debt-for-nature exchange pending the disbursements of such proceeds and interest for approved program purposes, which may include the establishment of an endowment, the income of which is used for such purposes.".

PART B—MULTILATERAL FOREIGN ASSISTANCE COORDINATION

SEC. 721. GENERAL POLICY.

It is the sense of the Congress that the Secretary of State should seek to develop an increased consideration of global warming, tropical deforestation, sustainable development, and biological diversity among the highest goals of bilateral foreign assistance programs of all countries.

SEC. 722. POLICY ON NEGOTIATIONS.

(a) IN GENERAL.—The Secretary of State, acting through the United States representative to the Development Assistance Committee of the Organization for Economic Coordination and Development (OECD), should initiate, at the earliest practicable date, negotiations among member countries on a coordinated approach to global warming, tropical deforestation, sustainable development, and biological diversity through bilateral assistance programs that would include—

(1) increased consideration of the impact of developmental projects on global warming, tropical deforestation, and biological diversity;

(2) reduction or elimination of funding for those projects that exacerbate those problems;

(3) coordinated research and development of projects that emphasize sustainable use or protection of tropical forests and support for local conservation efforts;

(4) expanded use of forgiveness of foreign assistance debt in exchange for policy changes or programs that address problems associated with global warming, tropical deforestation, sustainable development, and biological diversity;

(5) increased use of foreign assistance funds and technical assistance in support of local conservation, restoration, or sustainable development efforts and debt-for-nature exchanges;

(6) improved exchange of information on energy efficiency and solar and renewable energy sources, and a greater emphasis on the use of those sources of energy in developmental projects; and

(7) increased use of environmental experts in the field to assess development projects for their impact on global warming, tropical deforestation, and biological diversity.

(b) IMPLEMENTATION OF AGREEMENT.—Negotiations described in subsection (a) shall seek to ensure that the recommended changes are implemented as quickly as possible by member countries of the Development Assistance Committee.

Mr. **Early**. Doctor, you make a very constructive statement and you deliver it very well, as far as you really concede to common sense in some of the things you talk to, and I appreciate that. And once again, it is an outside witness that people who want to advocate this position when Mr. Smith marks up his bill has some things to substantiate. So I appreciate your coming in.

Mr. Smith?

Mr. **Smith**. No questions. Thank you very much for being here.

Mr. **Early**. Thank you very much.

Thursday, March 29, 1990.

INTERNATIONAL EXCHANGE PROGRAMS

WITNESS

THOMAS W. GITTINS, EXECUTIVE VICE PRESIDENT, SISTER CITIES INTERNATIONAL, ON BEHALF OF INTERNATIONAL EXCHANGE ASSOCIATION

Mr. **Early**. Next we are going to hear from Thomas W. Gittins, the Executive Vice President of Sister Cities International.

Mr. **Gittins**. Thank you very much, Mr. Chairman—Chairman Smith and Congressman Early. I have with me Carl Herron, the Executive Director of the International Exchange Association. I apologize for never having lived in either Massachusetts or Iowa, but I will lay claim to the Gittins farm in Iowa, and my father and uncle who both went to Iowa State. So we do—and I am sorry about Massachusetts, but I have visited there. [Laughter.]

Thank you very much for this opportunity. The International Exchange Organization represents 50 member organizations involved in citizen exchange in the United States, representing more than 2 million volunteers; 15,000 communities are involved in exchanging or responsible for the exchange of over 200,000 participants back and forth between the United States and the rest of the world every year.

The common link that brings us all together is the exchange field, citizen exchange and youth exchange, and whether or not funding is involved. It is USIA in its private sector outreach that does help link us together.

The role of USIA is a catalyst, is a stimulant, to international voluntary citizen exchange in the United States—we believe is really crucial. And never before in our history has it been more important than it is now. And as you have heard so many times in the past several months, in the face of the sweeping and unpredictable changes throughout the world, our job is really not done. In fact, we have just begun.

We argue that funding for USIA is good business and that the bang for the buck is tremendous. The Congress allocates funds to USIA, a portion of which in turn makes monies available through private sector organizations for educational and cultural exchange, and the private sector organizations provide a return on that investment, in many cases of upwards to $20 to $1 of Government funding. And we believe that is a good record.

A quick example from my own organization, Sister Cities, would be the cooperative venture with USIA currently in its private sector office and our networking responding to the needs in Poland. With support from USIA and a minimal amount of funding, we will be linking 15 urban centers in the United States with 15 educational and training centers in Poland for the local government reform process, and working together between these centers here—the cities here and the centers there—to help with the education and training that will be necessary for the 110 locally elected officials after the elections, none of whom have ever touched local government the way we know it, in terms of autonomous local government.

There will be millions of dollars poured into that project in terms of training and educational efforts provided by cities in this country and private sector in this country, stimulated by a very small amount of funding from USIA.

We feel it is important to keep up with the pace of change around the world in this way, in being able to release the private sector with the catalyst and stimulative USIA, and we urge increased funding for USIA.

We have in our testimony, which you have, indicated what we believe are four shortcomings in the prospective fiscal year 1991 budget. In each case, we outline what we feel to be a reasonable and cost effective solution in arguing for increased funding for the USIA budget.

We ask for this committee's consideration of those suggestions and again stress our appreciation to both of you and to the committee, on behalf of the International Exchange Association, on behalf of the thousands of volunteers who are working every day as volunteers, their own money and their own time and their own energy to work in the field of exchange in international understanding, with the realization that fax to fax will never replace face to face.

Mr. EARLY. Mr. Smith, do you have any questions?

Mr. SMITH. No.

Mr. EARLY. All right, thank you very much.

[The prepared statement of Mr. Gittins follows:]

THE INTERNATIONAL EXCHANGE ASSOCIATION

a national membership association of international citizen and youth exchange organizations

STATEMENT OF THOMAS W. GITTINS
Executive Vice President
Sister Cities International

representing
The International Exchange Association

before the
U.S. House of Representatives
Committee on Appropriations
Subcommittee on Commerce, Justice, State,
the Judiciary and Related Agencies

accompanied by
Carl A. Herrin
Executive Director
The International Exchange Association

Thursday, March 29, 1990
H-310, Capitol Building

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Executive Director

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EXECUTIVE SUMMARY
Statement of Thomas W. Gittins

representing
The International Exchange Association

before the
Subcommittee on Commerce, Justice, State, the Judiciary
and Related Agencies

- IEA strives to promote, encourage, and expand the international exchange of persons as a critical contribution to the welfare and security of the United States.

- A key to the success of exchanges is cooperation between the private sector and the government which play mutually supportive roles in facilitating and conducting international exchange. The comparatively small amount of USIA money available for exchanges is the key government component in this cooperation.

- The changing world is calling for new and creative outreach by America's international exchange programs to respond to the extraordinary opportunities of the time. Consequently, USIA needs adequate, appropriate, and, increased funding to ensure that it can meet these increased challenges in cooperation with the private sector citizen exchange community.

- USIA monies spent on private sector programs, youth exchanges, student support services, and international visitor programs are a remarkably good value, with a return on investment as high of $12 to $1. These programs are both highly effective and very efficient. If those federal dollars are absent, our capacity to generate public interest and support for exchanges disappears.

- The USIA budget request for the Pell Charter programs, including international visitors and private sector programs, is an effective cut of $9.1 million. The budget cuts critical international exchange programs that are funded out of USIA's salaries and expenses account. The budget further erodes exchange funding for the developing world, and in particular Africa. The budget lacks a new commitment to Eastern/Central European exchanges.

- To address these concerns, IEA recommends: funding the Pell Charter programs at $166.1 million including a minimum of $9.6 million for Private Sector Programs and no less than $44.8 million for international visitors; funding salaries and expenses for the staff of the Educational and Cultural

Executive Summary of
Statement from Thomas W. Gittins

Affairs Bureau plus its exchange programming funded from that account at not less than $39 million; asking USIA to maintain and enhance levels of exchanges with the developing world; and new funding to underwrite exchange enhancements for Eastern/Central Europe, including but not limited to support for USIA funding in Seed II.

- We are standing on the threshold of a new era in which exchanges have played a critical role to this point and which can continue to play an essential part in our foreign policy for the future. The threshold is doubly important because we are faced with the devastating prospect of the decline in federal exchange support.
- IEA does not believe that the funding of one component of the Agency should be implemented at the expense of another; and would support an overall increase in Agency funding.
- A GAO report on the J Exchange Visitor Program has just been released and IEA will be working cooperatively with USIA to take action on the recommendations and to address the questions.

STATEMENT OF THOMAS W. GITTINS
Executive Vice President
Sister Cities International

representing
The International Exchange Association

before the
U.S. House of Representatives
Committee on Appropriations
Subcommittee on Commerce, Justice, State, the Judiciary
and Related Agencies

Chairman Smith and Distinguished Members of the Subcommittee:

Good afternoon. I am Thomas Gittins, Executive Vice President of Sister Cities International. I am presenting this testimony today on behalf of the International Exchange Association (IEA), the U.S. nonprofit umbrella organization for international citizen and youth exchange on whose Board of Directors I serve. IEA consists of 50 private citizen exchange organizations in the United States representing more than two million volunteers in 15,000 communities exchanging nearly 200,000 participants per year. Further information about IEA--including a membership list--is attached to this testimony.

It is my pleasure to appear again before this subcommittee and I wish to acknowledge the critical support that the chairman and his colleagues in both the majority and minority have provided the international exchange community over the years.

Since the founding of IEA in 1985, we have strived to work with our colleagues in both the private sector and government to promote, encourage, and expand the international exchange of persons as a critical contribution to the welfare and security of the United States. It has been our experience that people to people contact fostered through international exchange builds lasting bonds between individuals and nations; promotes mutual understanding that can overcome conflict; teaches an awareness of ourselves and the rest of the world; and creates new opportunities for commerce and trade. International exchange is one of those few enterprises that has been a win-win arrangement for everyone involved: for the participants and hosts; for the private sector and government.

A key to that success has been the cooperative approach we have taken in the United States in which the private sector and the government play mutually supportive roles in facilitating and conducting international exchange. Nowhere is this cooperation more essential and more interrelated than in international citizen and youth exchange. The great majority of people participating in these exchanges are funded from private sources; most of these exchanges rely on volunteers at the community level; and most of the participants come to the United States or go abroad to engage in activities based in the private sector. The great majority of our members actually receive little or no federal money to carry out their exchange programs.

Having said that, it is imperative to understand that the presence of a comparatively small amount of federal money--nearly all of it from the Bureau of Educational and Cultural Affairs of the U.S. Information Agency--is the key component driving the exchange process. To paraphrase President Bush, these few federal dollars are the match that lights our thousand points of light. A grant to facilitate one high school student to participate in an international exchange will motivate two communities (one in the United States, one overseas) to be active parties to the exchange; a modest grant to a national service organization to program international visitors will ensure that the stay in the United States starts on the right foot for thousands of students and exchange participants each year--greatly increasing the success of the exchange. In the case of my own organization, the assistance provided for the development and furtherance of the U.S. Sister Cities Program now reaches out to over 860 U.S. cities affiliated with 1,400 Sister Cities in 91 other nations. Through these links, a tremendous range of educational, business, municipal, professional, technical, cultural, and youth exchange is carried out each year. The support of USIA is absolutely critical to these efforts.

The winds of change throughout the world are calling for new and creative outreach by America's private sector to respond to the extraordinary opportunities of the time with new and innovative programs of citizen involvement and exchange between the United States and the rest of the world. It is at this very point in time that the relationship between USIA and the private sector citizen exchange community is so much more important then ever before in our history. It is at this very point in time that we must voice our strong and deep conviction that now, more than ever before, USIA needs adequate, appropriate, and, yes, even increased funding to enable it to expand its all important mission and specifically to ensure that it can meet these increased challenges in cooperation with the private sector citizen exchange community.

USIA monies spent on private sector programs, youth exchanges, student support services, and international visitor programs open the doors for broader private sector involvement, encourage donations and volunteer contributions, exhibit the U.S. government's commitment to exchanges, and humanize our foreign policy to the public at the grassroots. These monies generate a remarkable "bang for the buck"--a Sister Cities study conservatively calculates that for each USIA grant dollar, our community networks generate $20 or more in matching money and resources; the National Council for International Visitors estimates that for each USIA dollar spent on community-based programming, $12 in donations and contributed time are invested; and the General Accounting Office has documented a similar payback with another IEA member, Partners of the Americas. That means on a dollar for dollar basis, these programs are both highly effective and very efficient. It also means that if those federal dollars are absent, our capacity to generate public interest and support for exchanges disappears--to the detriment of everyone.

It is from this context that I come before this subcommittee to express the exchange community's support for continued funding of USIA's exchange programs, and to voice concern that the Fiscal Year 1991 budget request for these programs is inadequate to meet ongoing programmatic needs and falls woefully short of heightened expectations resulting from the rapid changes and accompanying needs for private sector citizen exchange involvement being sought throughout the world and in particular from emerging democracies. From the standpoint of IEA's members, the Fiscal Year 1991 USIA budget request for exchanges has four critical shortcomings that we respectfully bring to the attention of the subcommittee.

- The overall budget request for the Pell Charter programs, including international visitors and private sector programs, is effectively cut by the rate of inflation plus the Gramm-Rudman sequestration of 1990 appropriations. That is a cut of $9.1 million against the original, anticipated funding for the current fiscal year.

- The 1991 budget cuts gut critical international exchange programs that are funded out of USIA's salaries and expenses account, including the essential programs of youth exchange and student support services. If the budget is approved as proposed, by this time next year, the only USIA-supported youth programs will be with West Germany (via the Congress-Bundestag Program) and Warsaw Pact Countries (via the Samantha Smith Program)--30-plus years of U.S. government-funded programming aimed at America's high school and young adult age groups will have been eliminated for lack of $3 to $4 million. Likewise, the federal government's symbolically important funding of enrichment and support services aimed at nongovernment-sponsored exchange participants will have evaporated after nearly 30 years of funding--despite a mandate in the Fulbright-Hays Act to support this population. Again, cuts will have been imposed for the lack of $3 to $4 million.

- The Fiscal Year 1991 budget proposal further erodes a balanced exchange agenda by forcing USIA to apportion a decreasing resource pie to a range of varying policy demands. The big loser is the developing world, and in particular Africa. In a world no longer dominated by the order of an East-West conflict, America's relations with most of the world's lesser developed countries will now depend on our ability to interact with each one of them individually. Despite that reality, the relative balance of exchange funds continues to flow away from Africa, Latin America, and developing Asia. The erosion has reached the point of massive hemorrhage and our national capacity to conduct exchanges at even a minor level in these regions is now in jeopardy.

- On the reverse of this coin is the emergence of the extraordinary need for enhancement funds for Eastern/Central European exchanges. Last summer, President Bush committed USIA to allocate $6.1 million in new exchange programs with Poland and Hungary. With the opening of virtually all of the Warsaw Pact, it would seem reasonable that some additional funds would be targeted for Fiscal Year 1991 and beyond. In the absence of such a commitment in the proposed budget, we would support Seed II legislation which would specifically provide new funds for citizen exchange programs administered by USIA's Bureau of Educational and Cultural Affairs.

To address these concerns, IEA would recommend the following solutions.

1. To address the erosion of the Pell Charter programs, including the private sector and international visitor programs, we recommend an appropriation of $166.1 million--a figure consistent with USIA's internal budget planning prior to the Administration's mandated reductions. Within that figure, we urge the subcommittee to support as a minimum a return to the fiscal year 1989 funding levels for Private Sector Programs ($9.6 million) and a target of no less than $44.8 million for international visitors. However, we believe an increase in Private Sector Program funding available for community-based citizen exchange to $12 million is needed in the near term. Such a funding level would restore that office's capability to a level

achieved in the early 1980s; an amount consistent with the mandated doubling of funding in the Pell Amendment.

2. Of the overall Agency salaries and expenses account, we recommend that an amount adequate to maintain the staff of the Educational and Cultural Affairs Bureau plus its exchange programming traditionally funded from that account be set aside and reserved for that bureau. Funding for these salaries and expenses functions in the past several years has ranged from $35.7 million (FY 1990) to $36.5 million (FY 1989); IEA recommends a figure of not less than $39 million.

3. By funding USIA's exchanges in the manner we are recommending, some of the anticipated erosion in Third World exchanges can be forestalled. In addition to that effort, we recommend that the subcommittee ask USIA how it would seek to maintain and enhance levels of exchanges with the developing world and what costs would be involved in achieving those objectives starting in Fiscal Year 1992.

4. Because exchanges with Eastern/Central Europe are of a particularly urgent nature at this time and will probably require extra emphasis as an initiative into the middle of this decade, IEA supports special funding to underwrite enhancements to exchanges for this region. We hesitate to suggest an optimal figure given the breadth of potential activities and the balancing of USIA programs with other, foreign assistance initiatives for this region. However, IEA supports Seed II legislation which would specifically provide adequate funds for citizen exchange programs administered by USIA's Bureau of Educational and Cultural Affairs.

In making these recommendations, I appreciate that we are proposing an increase of $14.3 million over the Administration's request (not counting our support for Seed II funding to USIA) for these activities, or approximately nine percent over the budget request. I am cognizant that requests for additional funding during this period of a tight federal budget may appear inopportune. Nevertheless, we are standing on the threshold of important world events in which exchanges have played a critical role to this point and which can continue to play an essential part in our foreign policy for the future. The threshold is doubly important because we are faced with the devastating prospect of the decline in federal exchange support--if we were to follow the proposed Fiscal Year 1991 budget. Or, as we suggest, we may choose to ensure that we enter the 1990s with the

Statement of Thomas W. Gittins
On behalf of the International Exchange Association

full cooperation and support of federal exchange programming by committing ourselves to a modest and manageable increase.

As this subcommittee deliberates how to apportion the limited federal dollars available, I would like to make one final point. The United States is clearly entering an era in which it will begin a redistribution of its resources to reflect the changing world. Exchanges of citizens and youth are a clearly articulated and time-tested component of our foreign policy. They are low-cost, nonpartisan, nonbelligerent, and populist in nature. They make citizen diplomats of both participants and hosts, and they are an established part of this country's public diplomacy efforts. As successful as they have been in putting America's best foot forward during the Cold War, they promise to be more important in the coming era as we come to know our international neighbors absent that conflict. In recommending an increase in funding for USIA's Bureau of Educational and Cultural Affairs, I am not suggesting that the bureau's activities are somehow more important than USIA's other functions in broadcasting and information services. IEA does not believe that the funding of one component of the Agency should be implemented at the expense of another. While IEA has no formal position regarding the funding levels for the rest of USIA, I want to clearly state that we are not advocating that the increase we support should be made up from within the Agency. In fact, we believe that given the critical role of USIA at this extraordinary turning point in world history, overall Agency funding is inadequate and needs to be elevated to a new level.

Finally, in testifying before this subcommittee last year, my colleague and fellow IEA board member, William Woessner of Youth For Understanding, reported to you that there was an ongoing GAO investigation of the J Exchange Visitor Program--the nonimmigrant visa category used by exchange participants to visit the United States. That report has just recently been released. I wanted to update this subcommittee by letting you know that the report contains several important recommendations and poses some critical questions for USIA and the private sector exchange community. I am happy to say that IEA and its members will be working cooperatively with USIA to take action on the recommendations and to address the questions. While it will not be a simple or quick process of consultation, we have every reason to believe it will be a constructive one. We will keep you posted regarding this effort.

Thank you again for this opportunity to share with you our views regarding funding for USIA's exchange programs. Should you have any questions regarding the points raised here, IEA would be pleased to follow up with the subcommittee at any time.

International Exchange Association

120 South Payne Street • Alexandria, Virginia 22314 • 703/836-5342
FAX • 703/836-4815

The International Exchange Association

The International Exchange Association is a nonprofit, membership organization dedicated to the support of international citizen and youth exchange between the United States and the countries of the world. Its members--all U.S.-based, nonprofit organizations--are engaged in, or actively support, the exchange of citizens, youth, trainees, and professionals for educational, cultural, professional, and humanitarian purposes.

IEA serves as an umbrella organization that brings together the many facets of this dynamic international exchange community. Through cooperative projects involving member organizations, IEA works to strengthen communication within the exchange community; to improve the quality of information about the exchange community in government and throughout the public; to provide training for staff and volunteers in leadership and program management issues; and to cultivate and promote innovative exchange program ideas. IEA does not administer any exchange programs, but does serve as a reference point for exchange programming and related activities offered through member organizations.

IEA's specific activities include presentation of workshops and seminars on aspects of international exchange for its members and the public; an annual conference held in early Autumn for the citizen and youth exchange community; publications and materials in support of the international exchange community; and the International Leadership Development Institute, sponsored jointly with Colorado College. In addition, IEA acts as a facilitator for information and resources between its members and the government, other exchange-related organizations, and the public. The activities are coordinated through IEA's office in Alexandria, Va.

Inquiries from the public, government, and organizations about international citizen and youth exchange are welcome.

Carl A. Herrin, Executive Director
Edward L. Potter, Administrative Assistant

Full Members

AFS Intercultural Programs
New York, N.Y.

AIESEC-United States
New York, N.Y.

American Center for International Leadership (ACIL)
Columbus, Ind.

American Council of Young Political Leaders (ACYPL)
Washington, D.C.

The American Forum
New York, N.Y.

American International Student Exchange (AISE)
La Jolla, Calif.

American Heritage Association (AHA)
Lake Oswego, Ore.

American Red Cross
Washington, D.C.

American Scandinavian Foundation (ASF)
New York, N.Y.

American Secondary Schools for International Students and Teachers (ASSIST)
Peterborough, N.H.

American Youth Work Center (AYWC)
Washington, D.C.

ASPECT Foundation
San Francisco, Calif.

Association for International Practical Training (AIPT)
Columbia, Md.

AYUSA International
San Francisco, Calif.

CDS International, Inc.
New York, N.Y.

Children's International Summer Village (CISV)
Troy, Ohio

Council of International Programs (CIP)
Cleveland, Ohio

Citizen Exchange Council (CEC)
New York, N.Y.

Educational Foundation for Foreign Study (EFFS)
Cambridge, Mass.

The Experiment in International Living (EIL)
Brattleboro, Vt.

The Friendship Force
Atlanta, Ga.

Girl Scouts of the USA
New York, N.Y.

InterExchange, Inc.
New York, N.Y.

International Christian Youth Exchange (ICYE)
New York, N.Y.

Japan-America Student Conference (JASC)
Washington, D.C.

Nacel Cultural Exchange
Duluth, Minn.

National Association of Secondary School Principals (NASSP)
Reston, Va.

National Council for International Visitors (NCIV)
Washington, D.C.

National FFA Organization
Alexandria, Va.

National 4-H Council
Chevy Chase, Md.

Ohio State University Agricultural Intern Program (OSU-AIP)
Columbus, Ohio

Open Door Student Exchange
Hempstead, N.Y.

Partners of the Americas
Washington, D.C.

People to People International
Kansas City, Mo.

Program for International Educational Exchange (PIEE)
Bakersfield, Calif.

Sister Cities International (SCI)
Alexandria, Va.

Spanish Heritage-Herencia Espanola (SHE)
Forest Hills, N.Y.

World Exchange
Putnam Valley, N.Y.

World Experience (WE)
Hacienda Heights, Calif.

YMCA International Program Services
New York, N.Y.

Youth For Understanding (YFU)
Washington, D.C.

Associate Members

Ameurop Cultural Relations Foundation
Richmond, Va.

Foundation for International Cooperation (FIC)
Rockford, Ill.

The GAP Activity Project, Inc.
New York, N.Y.

Iowa Peace Institute
Grinnell, Iowa

Kiwanis International
Indianapolis, Ind.

The Lisle Fellowship
Temperance, Mich.

Mobility International USA (MIUSA)
Eugene, Ore.

World College West
Petaluma, Calif.

Youth Network Council of Chicago, Inc. (YNC)
Chicago, Ill.

1.14.90

THURSDAY, MARCH 29, 1990.

LEGAL SERVICES CORPORATION

WITNESS

LIBBY WHITLEY, TESTIFYING ON BEHALF OF AMERICAN FARM BUREAU, WASHINGTON, D.C.

Mr. EARLY. Next we are going to hear from Libby Whitley, testifying on behalf of the American Farm Bureau.

Ms. Whitley.

Ms. WHITLEY. Thank you, Mr. Early, Mr. Chairman.

I appreciate your letting me be here today to talk with you about an issue that is extremely important to the Farm Bureau, and I will try to keep my comments very brief because I know it is toward the end of the day and it is getting late.

Each year, the American Farm Bureau, through our resolutions process, establishes key priority issues. This year for the first time, reform of the legal services system is one of our top issues. Normally the Farm Bureau has come here in the past asking for zero funding or a variety of things. This year, we would like to talk with you about reform.

I would like to make a few general comments, if I could, about why this issue is so important to the Farm Bureau, because it is extremely important for a variety of reasons. First of all, we would like to say that providing legal access to the civil justice system for poor people is very important, and we think it is a fair and equitable use of tax dollars. We do not argue with that concept at all.

We think that is only true when those charged with that responsibility undertake it in a fair and open way. If I might, I would like to have our 1990 Legal Services Corporation policy inserted in the record.

Mr. EARLY. We will do that at this point.

[The information follows:]

Legal Services Corporation 162

We call for major reform of the Legal Services Act of 1974. We support making Legal Services Corporation and its grantees accountable to the executive branch. We are not opposed to a reasonable program to provide legal assistance for persons with incomes at or below the poverty level.

To achieve major reform of the program, we will work with other groups, both inside and outside agriculture, to mount a multiyear legislative effort for that purpose.

We will:

(1) Continue to support efforts to defund the special programs that have been mandatorily funded by Congress and transfer those funds to direct delivery of services to poor people;

(2) Support efforts to bring about other reforms on an interim basis, including but not limited to:

(a) an amendment to the Legal Services Act to permit individual citizens or groups to file suit against the Legal Services Corporation and its funding recipients and to seek damages where Legal Services lawyers or Legal Services groups have operated in violation of the law;

(b) an amendment to require Legal Services groups and their staff attorneys to make a good faith effort to get the employer and the complaining employee or employees in a face-to-face meeting for the purpose of resolving problems before a lawsuit is threatened or filed; and

(c) an amendment to either prohibit Legal Services attorneys and groups from filing for or receiving court and legal costs from defendants, or to permit successful defendants to file for and receive court and legal costs from the Legal Services group that employs the attorney bringing suit;

(3) Develop organized ways of settling problems between agricultural employers and their employees to avoid costly lawsuits;

(4) Continue to develop and promote a training program among agricultural employers to:

(a) make them more aware of the labor laws and regulations affecting agricultural employment; and

(b) assist them in developing an effective labor/management relations program on their farms and ranches;

(5) Assist farmers in becoming better informed about the Legal Services program and to become more involved in the operation of local Legal Services groups; and

(6) Study the development of the Interest on Lawyers Trust Accounts, which has become a major source of funding for Legal Services groups, including the possibility of developing or supporting legislation at the state level to bring better public control over this program.

Ms. WHITLEY. I think it is fairly clear on the subject of reform.

The fact remains that growers are being harassed unduly by Legal Services grantees attorneys around the country. We also see grantees involving themselves in other inappropriate activities like union organizing and lobbying. These activities are generally prohibited by the LSC Act, but the grantees, we believe, get around them in a variety of ways which may meet the letter of the law, but they certainly fly in the face of its spirit.

Our bottom line is we really believe that Congress could not have intended the effect that this litigation is having on a variety of different parts of the industry. We should also say that not all farmers and ranchers are being affected by LSC grantee litigation.

In general, it is the fruit and vegetable industry. For instance, Massachusetts apple growers are having a terrible problem right now. In Iowa, we are seeing a lot of the seed companies, Pioneer, Asgrow, DeKalb, some of the smaller ones, with serious problems. Other parts of the industry include tobacco producers, cotton producers, cane sugar producers, cut flowers and greenery. In other words, these are the labor intensive fruit and vegetable and horticultural specialties crop producers.

In general, the labor statutes are what they are sued under by LSC grantees. This litigation is growing exponentially right now for a variety of reasons; greater availability of standardized computer process pleadings, networking by the grantees and a variety of reasons.

Honestly, I think it is not unfair to say we are gravely concerned about large parts of the industry if this situation is permitted to continue. If I might, I would also like to submit for the record a longer statement made by the President of the Pennsylvania Farmers Association to the LSC board the day before yesterday which goes into a lot of good detail about the extent and the nature of the problem, because I do not want to take your time with it today.

[The information follows:]

TESTIMONY OF KEITH ECKEL

PRESIDENT, PENNSYLVANIA FARMERS ASSOCIATION

BEFORE THE

LEGAL SERVICES CORPORATION BOARD OF DIRECTORS

March 26, 1990

Mr. Chairman, members of the Board, thank you for the opportunity to appear before you today regarding appropriate funding levels for LSC programs and the importance of reforming the federal legal services program. My name is Keith Eckel, and I appear before you today as a Board Member of the American Farm Bureau Federation and as President of the Pennsylvania Farmers Association.

The American Farm Bureau Federation is the nation's largest general farm organization representing more than 3.8 million member families in fifty states and Puerto Rico. The Pennsylvania Farmers Association is affiliated with AFBF and represents 23,000 members in the Commonwealth of Pennsylvania.

I am a farmer involved in a partnership with my brother in an operation which encompasses both grain and vegetables. We grow tomatoes as our primary crop. These are very labor intensive, and we are wholly dependent on seasonal labor for the planting, harvesting and processing of our crop.

It is in the context of growers' problems with LSC-funded migrant advocacy activities that I come before you today. I have both an organizational and a personal interest in solving problems caused by legal services grantees. Many of my friends and neighbors in Pennsylvania and in neighboring states have experienced some degree of contact or have been sued by the Pennsylvania migrant advocacy legal group, Friends of Farmworkers (FoF). FoF is an LSC subgrantee agency. In 1981, my family farm was sued by LSC migrant advocacy attorneys: the Florida Rural Legal Services, in Bonhomme v. Massaline. The case involved my farm labor contractor and my farm operation. My farm was later dismissed from the case.

Since 1983, Farm Bureau has testified before Congress and previous Legal Services Boards of Directors regarding the experiences of agricultural employers in dealing with Legal

Services grantee attorneys. Notwithstanding this, a solution to the problem has not yet been developed. The confrontation and harassment is proliferating around the country. We presently estimate that as many as twenty-five states are currently experiencing activist LSC litigation.

Farm Bureau admits that the statutes under which Legal Services attorneys sue growers are not subject to oversight or control by the LSC Board. Those are the Migrant and Seasonal Agricultural Worker Protection Act, or MSPA, and the Fair Labor Standards Act, or FLSA. Obviously, the administration of these two laws falls to the Department of Labor. Further, it would take legislative action to correct their flaws. Ironically enough, MSPA was negotiated and agreed upon by growers, LSC-funded migrant representatives, the Reagan Labor Department and other interested groups. In fact, the development of MSPA in 1983 is an excellent example of the type of lobbying your grantees freely undertake with regularity.

While you cannot control the cases brought under these labor statutes, you do have the authority to enact or endorse limitations on the manner in which the cases are handled by migrant grantee attorneys. By endorsing the agricultural provisions in the McCollum-Stenholm amendments, the LSC Board has the ability to begin to provide farmers' relief from the Migrant Legal Action Program (MLAP) and state grantees' agenda which includes affecting social change through targeted litigation. For these reasons, Farm Bureau shares with you some recommended reforms in the federal legal services program.

Before I go into detail, I want to reassure you that despite what you may have heard, Farm Bureau is not seeking to "kill the Legal Services Program" in the guise of reforming it. We believe for a number of practical reasons abolishing the program today is not only impossible, but also undesirable. Providing access to the civil justice system for poor people is an important public service.

Farm Bureau is confident that the vast majority of the 10,000 LSC field grantee staff are providing for the day-to-day legal needs of the poor as Congress intended when it established the LSC in 1973. It's the small minority who seek to enforce a social agenda through creative lawsuits and judicial interpretation that we disagree with, and it's those activities we would like to see controlled.

I would like to outline the nature and extent of the growers' Legal Services problems as we see them.

It is our view that the Legal Services program has been allowed to operate without proper checks and balances. Congress has made it clear that Legal Services attorneys are not to engage in a number of practices, including lobbying, union-organizing and participating in political demonstrations. In actual practice, these statutory restraints have been largely disregarded by LSC grantees, who claim frequently that they are using non-federal funds to pursue these activities, or they are pursuing them on behalf of an "eligible client."

It is clear to us from dealing with Legal Services attorneys over the years that many of them have a different view of their mission than did Congress when it set up the LSC in 1974. From statements made over the years by LSC organizers and attorneys we realize that they view their mission as leading a liberal movement to change our social, political and judicial systems.

Farm Bureau defends any American's constitutional right to use every legal means available to promote his or her views on economic, social, political or judicial reform. However, we feel taxpayer dollars should not be used to seek these goals.

Farm Bureau can document many instances of migrant legal services attorneys engaging questionable activities. The Board might do well to look into these abuses of taxpayer monies.

Examples abound of grantees participating in union organizing. These include the International Farm Workers' Union which the Texas Rural Legal Aid (TRLA) undertook to represent in 1984, and the farmworker strikes organized in the late 1970's and early 1980's in Florida by Florida Rural Legal Services (FLRS).

In 1981 the Migrant Legal Action Program (MLAP) organized a series of one-day miniconferences around the country to "provide training and discussion intended to improve networking and coalition building in support of farmworkers." It has been pointed out to us that "MLAP's funds were not used for this purpose; a 'special LSC grant' was made to fund the meetings." We do not know how much money was spent to run these seminars, nor the particulars of which account it was drawn on. However, the meetings were held at a time that eligible clients were being turned away, allegedly because funds were not available to help them with their problems, and paid for with tax dollars.

MLAP and state migrant LSC grantees lobby Congress, state legislatures and federal agencies frequently. Examples include the 1985 EPA farmworker pesticide protection negotiated rulemaking, the 1986 Immigration Reform and Control Act, the 1983 passage of MSPA mentioned earlier and others.

We are aware that a number of MLAP staff members were dismissed for well-documented financial irregularities in 1985, but only a fraction of the money was recovered and the individuals were not prosecuted.

The agricultural community spends inordinate amounts of money defending class action suits. Much of the litigation that growers are forced to undertake involves administrative rulemaking challenges to the H-2A temporary foreign worker program. MLAP, and other grantee agencies, represent primarily large, well-funded organizations such as NAACP and AFL-CIO while representing one or two "eligible clients." We fail to see the equity of this situation.

Further, the H-2A program was exhaustively debated in Congress and was approved ultimately as part of the 1986 immigration reform bill. Its passage was opposed by farmworker advocates who have attempted since then to undermine Congressional intent through repetitive court challenges. LSC-funded grantee attorneys have made it clear that they intend to effectively abolish the H-2A program by making growers who employ H-2A workers targets of massive litigation. This is inappropriate promotion of these grantees' own philosophy, and has little to do with protecting the legal rights of domestic farmworkers.

Activities such as the above go far beyond solving the simple, day-to-day legal problems of farmworkers. LSC attorneys get around statutory prohibitions on prohibited activities like those I've mentioned in a variety of ways which may narrowly meet the letter of the law but certainly violate its spirit.

Court costs, attorneys' fees, settlements and judgments are driving growers out of business. Farm Bureau is still developing nationwide figures. I do have survey data for Pennsylvania which is generally typical of a state whose agricultural industry has been targeted by legal services. The figures illustrate the terrific economic damage done by predatory LSC litigation.

Pennsylvania has three major areas of fruit, vegetable and mushroom production. All have experienced unprecedented legal activity since the 1983 passage of MSPA. Last year, PFA surveyed growers to determine the extent of the problem.

PFA's survey was mailed to 2,500 farming operations across the state, including all sizes and types of farming operations. Sample farms ranged from small dairy and grain operations who hire no labor or occasional part-time help, to large fruit and vegetable operations which hire large numbers of full-time, seasonal and migrant laborers. We received over 750 responses to our survey, for a return rate of over 30 percent.

Twenty-six survey respondents reported some form of contact with FoF. Of these twenty-six, only six had no legal encounter (demand letter or suit filed) with FoF, although the farms had been visited by FoF personnel. Three growers involved in legal encounters with FoF said they could not, or would not, release any information on their legal negotiations or settlements with FoF. Four growers reported having unresolved complaints or legal suits initiated by FoF for which complete expense figures were not yet available. In total, seventeen growers who released information reported expending nearly $800,000 to resolve and settle the issues raised by FoF. Interestingly, only one of these cases involved court-awarded damages; for $9,000.

In my area of Pennsylvania, the north central counties, there is or used to be significant field vegetable production, mostly tomatoes. There used to be almost three thousand acres under production; now there is only about two thousand. There used to be about 950 migrant jobs; now there are only 700. The migrant worker payroll used to be about $1.5 million, now it is about $1.1 million. The community has lost about $2.76 million in income, which represents lost tax revenues and diminished services and employment opportunities. This has come about because, of the twelve growers in the area, five have been put out of business by LSC litigation, or by fear of being sued. FoF disputes these figures; however, they have been assembled by the USDA Agricultural Extension Service and I am confident of their accuracy.

The fear caused by legal services lawyers is real. I have been cautioned repeatedly by my staff that continuing to speak up in support of reform would expose me, as it has growers in the past, to retaliatory litigation. In fact, after testifying before Congressman Barney Frank's subcommittee last summer I did receive what we call a "demand" letter from FoF threatening action against me for various alleged violations of labor laws.

The fact remains that legal services litigation is adversely affecting agricultural production. And we fail to see how driving farmers out of business and eliminating farm jobs helps migrant farmworkers. It almost seems, sometimes, that grantee attorneys believe that the best solution to agricultural employment problems is to eliminate employment.

We are aware that not all agricultural employers are above reproach and some need to do a much better job of complying with the labor laws and regulations governing the employer-employee relationship. In this respect, agricultural employers are probably no different than any other employer group. Farm Bureau is confident that the majority of agricultural employers are making a conscious effort to keep abreast of laws and regulations and to stay in compliance.

We believe that the best interests of both the farmers and the workers would be served by employing procedures other than litigation to resolve worker problems whenever possible. We are confident that the vast majority of agricultural employers want to do what is required by law and what is just and right for their employees.

Pennsylvania farmers have tried to work with FoF in just this fashion. In fact, as a result of suggestions made by Congressman Bill Goodling, we tried to establish a worker/grower mediation system with FoF. I wish that I could tell you it worked; unfortunately, it has not.

Growers were quite optimistic this past winter (1989) when the volunteer mediator, Mr. Robert Ackerman, Professor of Law at the Dickenson School of Law, received a request for proposals from the National Institute for Dispute Resolution (NIDR) to fund rural, cross-cultural mediation and arbitration dispute resolution programs. Mr. Ackerman approached both parties with a recommendation to submit a proposal which combined the current mediation structure with a bilingual ombudsman to facilitate surfacing and solving workers problems and complaints. We quickly agreed to support Mr. Ackerman. FoF, however, refused because they opposed the concept of ombudsman.

Based on experiences such as these, it's clear to Farm Bureau that it's time for a major overhaul of the legal services program. There are a variety of ways to do this:

* Congressman Larry Combest and twenty-seven other Members of the House introduced H.R. 2884 in early 1989. It comprises sweeping reform of the federal legal services program and deserves your close consideration.

* Congressman Barney Frank has begun hearings on reauthorization of the Legal Services Corporation and may continue the process during the end of the 101st Congress.

* In our opinion, the most immediately achieveable reform will be through the appropriations process. The House of Representatives will consider the important McCollum-Stenholm amendment to the FY91 LSC appropriations again this year. As you may know, this amendment package was defeated narrowly, 199-206

last year. Farm Bureau supports it strongly, and urges you to endorse McCollum-Stenholm and include its assumptions in your FY91 budget submission. McCollum-Stenholm contains four important "core reforms" that, when taken together, would restructure the present system so that many of the major problems I've discussed earlier could then be addressed. These four are:

* **Timekeeping**. It requires legal services programs to keep accurate records as to time spent on cases and categories of cases, and show the sources of funds used to pay for the case.

* **Regulation of private funds**. This will prevent use of funds raised from non-federal sources to pay for activities illegal under the LSC Act. This will help ensure program accountability, as well as help focus legal aid on meeting the individual problems of poor people.

* **Application of federal laws against waste, fraud and abuse**. This will require grantees to comply with the same federal laws as other federal contractors and employees.

* **Authority of LSC Boards of Directors**. This permits the local boards of directors to actually oversee and control the selection and handling of cases by LSC grantees. This would implement a basic oversight function over LSC grantees' activities, which does not now exist.

McCollum-Stenholm contains additional, important improvements which immediately address past problems:

* **Redistricting**. This will prevent grantees from challenging reapportionment after the 1990 Census. It's estimated that, after the 1980 Census, over 28,000 hours were spent by LSC grantees challenging new Congressional and state district lines.

* **Earmarking of funds for child support and the war on drugs**. This would provide assistance to poor with two of their most pressing needs. The lack of child support and drug-related violence are two of the most pressing problems among today's poor population.

Last, the McCollum-Stenholm's agricultural provisions are of great importance to Farm Bureau. While these will not, automatically, end farmers' problems with predatory LSC grantee litigation, we believe that they will limit the harassment we are currently experiencing. At the same time, they do not hinder the pursuit of legitimate claims. The farmworker's basic right to sue the grower over labor law violations is not affected.

* **Exhaustion of administrative remedy and other agricultural provisions**. This requires grantee attorneys to pursue meaningful negotiation and exhaustion of administrative solutions prior to undertaking litigation on behalf of migrant workers. It also requires plaintiffs to be identified by name in any pleadings, and that an affidavit be attached to the complaint outlining the exact nature of the complaint.

I've brought a number of samples of the type of demand letters growers have received over the years, which may illustrate for you the nature of the problem we are facing.

This is not an inclusive or exhaustive list, but, taken together, will establish the framework from which to work within on major structural reforms. We are pleased that the Board of Legal Services has begun to examine the merits of reform, and we look forward to working with you to arrive at meaningful solutions to the significant problems growers experience.

I hope that I have profiled the problem and serious extent of the economic and social pain that it's causing farmers. I will be happy to answer any questions, either now or for the record. Thank you, Mr. Chairman, for your time and courtesy in allowing Farm Bureau to appear before you today.

Ms. WHITLEY. We are not trying to preclude migrant workers access to the court system. What we do want to do is to try to resolve these problems quickly and expeditiously when they come up. We think that all lawyers have a responsibility to their clients. That is very different from the situation we are seeing now. It is one thing to vigorously pursue your client's interest. It is another to show the lack of constraint that LSC attorneys are presently showing.

We think that the privileges available to the general members of the private Bar may not be altogether appropriate in certain circumstances right now. First of all, the attorneys are not accountable to anyone. There is no oversight about the appropriateness of their activities. In short, what we are seeing right now are a series of abuses of power in the system. This is the problem we want to see resolved.

Last year, the McCollum-Stenholm amendment, which was offered, of course, as you well know, Mr. Smith and Mr. Early, as an amendment to your conference report. It came very, very close to passing. That has four important provisions in it, what we call core reforms. Without going into a lot of detail, these are timekeeping, which requires LSC attorneys to keep time records; it applies the Federal Waste, Fraud and Abuse criminal statutes to LSC grantees, which is not now the situation. It extends a greater degree of local control over LSC grantees to the local boards of directors, and it prohibits use of private monies for purposes that are illegal under the LSC Act.

We think those are very, very important, common sense, good government kind of reforms. They are going to give the board, Congress, this committee, a much greater degree of control over the activities of the grantees.

Now I should also mention, of course, the agricultural provisions in McCollum-Stenholm which, from a parochial standpoint, are very important to the Farm Bureau. And those are the requirement that the plaintiffs in the complaint be identified by name, and that the specific allegations be enumerated in the complaint. We see a lot of notice pleadings right now where the farmer will go into a lawsuit and get way into discovery and never know who is suing him.

We also find lots of allegations that prove to be very, very specious, but not again until the farmer has incurred thousands of dollars in legal fees. It also requires prohibition on client solicitation. That is a big problem right now. And another very, very important concept is the exhaustion of administrative remedy, because very, very frequently the legal services grantees do not rely on the agencies with an authorization to enforce the law to actually enforce it before they sue farmers.

These are not extreme amendments. These are common sense, good government amendments, as I said, and I think they are long overdue and badly needed. When this amendment is offered on the Floor again this year, we really urge that you support it in all ways possible. You were helpful to us last year, and we appreciate that and would like to see that again this year.

We look forward to working with you. That is really all I came to talk with you about today, and I appreciate the time, and thank you very much.

[The prepared statement of Ms. Whitley follows:]

AMERICAN FARM BUREAU FEDERATION
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STATEMENT OF THE AMERICAN FARM BUREAU FEDERATION BEFORE THE SUBCOMMITTEE ON COMMERCE, STATE, JUSTICE AND THE JUDICIARY OF THE HOUSE APPROPRIATIONS COMMITTEE REGARDING THE LEGAL SERVICES CORPORATION

Presented by Libby Whitley
Assistant Director, National Affairs Division
American Farm Bureau Federation

March 29, 1990

STATEMENT OF THE AMERICAN FARM BUREAU FEDERATION BEFORE THE SUBCOMMITTEE ON COMMERCE, STATE, JUSTICE AND THE JUDICIARY OF THE HOUSE APPROPRIATIONS COMMITTEE REGARDING THE LEGAL SERVICES CORPORATION

PRESENTED BY LIBBY WHITLEY
ASSISTANT DIRECTOR, NATIONAL AFFAIRS DIVISION

March 29, 1990

Mr. Chairman, members of the Subcommittee, my name is Libby Whitley, and I am here today to represent the views of the American Farm Bureau Federation regarding the FY91 appropriation for the Legal Services Corporation. I serve as Assistant Director of the National Affairs Division in Farm Bureau's Washington office.

Thank you for agreeing again this year to hear our comments regarding the need for reform of the present federal legal services system.

As you know, each year the American Farm Bureau identifies a small number of priority issues. This year, reform of the Legal Services Corporation is one of our five key issues.

I would like to make a few general comments to illustrate why Farm Bureau is concerned about this issue. Farm Bureau believes that providing legal services to poor people, to ensure their access to our civil justice system, is a fair and honest expenditure of tax dollars.

This is only true when those charged with such representation undertake their responsibilities fairly. I would like to have Farm Bureau's 1990 legal services policy statement inserted in today's hearing record. It's clear on the subject of reform.

The fact is, growers are being sued and harassed by federally-funded Legal Services attorneys. LSC grantees involve themselves in other inappropriate activities, such as union organizing and lobbying, even though such activities are prohibited by the LSC Act generally. Frequently, such activities may narrowly meet the letter of the law, but certainly run contrary to its spirit. Congress simply could not have intended the effect that provision of free lawyers to migrant workers is having on the labor-intensive produce and horticultural specialties industries.

Not all farmers and ranchers experience problems with LSC-funded migrant grantees. For the most part, it's growers in the fruit and vegetable industries, the hybrid seed growers (such as Pioneer Hibred, Asgrow, Dekalb and others), tobacco producers, the cut flower and greenery growers, cotton ginners and cane sugar industry.

It is these labor statutues under which growers are sued by LSC grantees.

Legal services litigation is growing exponentially, because of greater availability of standardized pleadings, computer software and precedential cases. Farm Bureau is gravely concerned for the future of industry if we cannot realize some relief from the problem.

We are not trying to preclude migrant workers' access to the court system. What we do want to do is resolve problems quickly. This is not happening.

We believe that all lawyers have a responsibility not to abuse their privileges under the law. This is very different from representing their clients vigorously. The LSC-funded lawyers show no constraint and have demonstrated that the freedoms and privileges available to the private bar are not uniformly appropriate in this instance.

The LSC-funded attorneys are not accountable to anyone. There is no oversight of the appropriateness of their activities and their conduct in the migrant cases.

In short, we see serious abuses of power in these relationships. It is this problem Farm Bureau wants resolved. We believe that the best solution lies in the "core reforms" embodied by the McCollum-Stenholm amendment package. These are: timekeeping, application of federal waste, fraud and abuse statutes to LSC grantees, local control for local grantee agency boards and prohibitions on uses of private funds. Taken together, these four reforms will give the LSC Board substantially greater control over grantees, and will provide a forum for resolving complaints such as growers have today about the nature and appropriateness of grantee activities.

Too, the McCollum-Stenholm amendment contains important improvements in the area of migrant litigation. These include: the requirement that all complaints identify the plaintiffs and specific allegations of violations of the law, the prohibition of client solicitation and the requirement that all administrative remedies be exhausted prior to litigation.

The McCollum-Stenholm reforms are not extreme. They are commonsense proposals. They provide the LSC, Board, the Congress, the Administration and the general public with ways of dictating the appropriateness of LSC-funded activities. They are long-overdue, and, where the migrant issues are concerned, badly needed.

When the McCollum-Stenholm amendment is offered on the floor this year, we urge that you support it in every way possible.

We look forward to working with you in the months ahead. I will be happy to answer any questions you may have, either now or for the record.

Mr. **Early**. Mr. Smith?

Mr. **Smith**. Well, what we have needed more than anything is a new Board for LSC. You know, it is impossible. I have tried to help regulations over the years. The printed word does not take the place of having a Board that wants to administer the law the way it is supposed to be administered.

We now have a new Board, and hopefully we can get away from having amendments and written words and the language that is supposed to take care of what the board is supposed to take care of anyway. We are hopeful that when we get the new Board confirmed, that will take care of a lot of these problems.

Ms. **Whitley**. I agree, Mr. Chairman, but we think there are some underlying statutory improvements that need to be made before a board could really effectively enforce the law as it is written. There are so many loopholes that LSC attorneys have carte blanche right now.

Mr. **Smith**. Well of course, until they are confirmed, they are not going to propose new rules and regulations. And hopefully we also are going to get a new authorization on the Floor of the House, and let the House work its will on that. Then we will know where the majority come down on that.

Ms. **Whitley**. We understand the authorization process probably will be precluded this year because we do not think the confirmation is going to take place until late Summer or early Fall which, of course, makes it too late to do anything in this legislative year on authorization.

Mr. **Smith**. Well, that is not the timetable I heard about. Now I cannot guarantee that the one I have heard is right, but I am hopeful it is a lot sooner than that.

Ms. **Whitley**. We look forward to working with you.

Mr. **Early**. Ms. Whitley, thank you for your testimony.

Thursday, March 29, 1990.

CONTRIBUTIONS TO INTERNATIONAL ORGANIZATIONS, FOOD AND AGRICULTURE ORGANIZATION

WITNESSES

DR. BRIAN BAGNALL, CHAIRMAN, ANIMAL HEALTH INSTITUTE'S CODEX TASK FORCE, PHILADELPHIA, PENNSYLVANIA

JOHN THOMAS, SENIOR COUNSEL, ANIMAL HEALTH INSTITUTE

Mr. **Early**. The final witness we will hear from is Dr. Brian Bagnall, Chairman of the Animal Health Institute's Codex task force.

Dr. **Bagnall**. Thank you, Mr. Early and Chairman Smith. I am Brian Bagnall, Vice President for Government and Industry Affairs at SmithKlein Beecham Animal Health Company, near Philadelphia. I am Chairman of the Animal Health Institute's Codex task force. The Animal Health Institute, AHI, is the trade association representing the major manufacturers of animal health and nutrition products, and with me here is Mr. John Thomas, AHI Senior Counsel.

Our industry has—I am just going to summarize our statement briefly for you—our industry has an important interest in this appropriations bill concerning U.S. State Department funding for the United Nations Food and Agriculture Organization, FAO. And briefly, we have a recommendation to your subcommittee which is clear, that the U.S. must provide adequate financial support to FAO to ensure continued full voting rights and participation in the FAO organization.

We would like specific language in the bill which directs the State Department to ensure that FAO receives the necessary contributions, and I understand that that is a minimum of about $61 million by the end of 1990.

Our AHI members have become very concerned that FAO has been specifically targeted by the State Department for very severe withholding of U.S. funds; and while this mechanism may be useful for stimulating reforms at FAO, we are quite alarmed that this may be becoming counter-productive and damage some of the essential FAO international programs.

Our specific concerns is the vital role played by FAO in Codex Alimentarius, which is the United Nation World Food Standards program. You are probably aware that world food standards are very critical elements in international food trade. And the U.S. Government, through USDA and the U.S. Trade Representative, are currently negotiating the final rounds of the Uruguay Round of the GATT, the General Agreement on Tariffs and Trades. And FAO's work with Codex is an essential element for their proposals for harmonizing health and sanitary regulations to avoid proliferation of non-tariff trade barriers around the world.

And I think we are concerned that one arm of the U.S. Government, USDA and USTR, is encouraging the work of FAO while another arm of the government, the State Department, is severely curtailing the work of FAO by withholding funds. And I gather that there is an arrearage now of almost $200 million at FAO.

And it seems that this matter of international trade and GATT might have been overlooked to some degree by some people. We believe that the work of FAO and Codex must be preserved at all costs, and that the role of the U.S. in the various Codex committees be kept at the highest levels of integrity. And AHI has a special interest in the Codex Committee on Residues of Veterinary Drugs in Food, of which the U.S. is host country and provides essential leadership. If the U.S. loses its voting rights in FAO, we lose all the chairmanship and leadership of those various committees, and it would have a great impact on international standards and food trading.

So we strongly recommend that this subcommittee provide adequate funds and specifically direct the State Department to continue funding of FAO. The very minimum needed, I said, is $61 million of arrears to maintain the U.S. voting rights on the FAO council. And in this matter, if this falls through the cracks, the loss of U.S. leadership would be, I think, fairly disastrous for Codex. And although Codex is only a small part of FAO, it is very, very vital. And without your specific attention to this matter, the Codex baby might be thrown out in the bath water of all the dirty linen that has been going on in reforms of FAO.

And we thank you for the opportunity to present this information to you, and we would be happy to answer any questions.

[The statement of Dr. Bagrall follows:]

STATEMENT OF DR. BRIAN G. BAGNALL
ON BEHALF OF THE ANIMAL HEALTH INSTITUTE

HOUSE APPROPRIATIONS SUBCOMMITTEE ON COMMERCE, JUSTICE, AND STATE

FUNDING FOR THE FOOD AND AGRICULTURE ORGANIZATION

March 29, 1990

Mr. Chairman and members of the Subcommittee, I am Dr. Brian Bagnall, Vice President for Government and Industry Affairs, SmithKline Beecham Animal Health, and I am chairman of the Animal Health Institute's Codex Task Force. The Animal Health Institute (AHI) is the trade association representing the major manufacturers of animal health and nutrition products in the United States. A number of our members are multinational companies which conduct business outside the U.S. as well.

The interest of our industry in this appropriations bill, and our recommendation to the Subcommittee, can be stated simply: There must be a clear commitment by the United States to provide adequate financial support to the Food and Agriculture Organization (FAO) to assure continuation of full voting rights and participation for the United States in the World Food Standards Program of FAO, particularly Codex Alimentarius (known as Codex). The administration may not be able to provide that commitment on its own initiative, because of its use of the funding mechanism to stimulate administrative reform. However, we believe that Congress must direct that the necessary contributions be made to FAO.

AHI members became concerned late last year that the United States might reduce its participation in FAO to such an extent that the U.S. vote would be lost in the FAO Council. This prospect appeared particularly troubling in light of the decision by the United States to provide a much higher degree of funding to the other U.N. specialized agencies. We were, therefore, pleased to learn that Assistant Secretary John Bolton informed the FAO Director General on January 3, 1990, that the United States would pay the minimal $18 million of its 1990 contribution. We understand that this amount is only just sufficient to stave the consequences that our industry feared -- at least until the end of 1990, when $61 million must be paid to FAO to assure continued U.S. voting rights.

From the perspective of AHI's members, FAO's most significant activities are Codex and the Joint FAO/WHO Expert Committee on Food Additives (JECFA).

Codex receives 75% of its funding from FAO with the remaining 25% coming from the World Health Organization. There are a number of committees within Codex that are charged with establishing safety criteria or identity standards for foods and food components. For instance, in late 1985, Codex created the Codex Committee on Residues of Veterinary Drugs in Foods (CC/RVDF) and charged it with addressing a broad range of issues, from the establishment of safety criteria and analytical methodology for various animal drug residues, to providing information and training, particularly to developing countries. The CC/RVDF is hosted by (and therefore chaired by) the United States.

The scientific foundation for the deliberations of some of the Codex committees, including the CC/RVDF, is provided by the Joint FAO/WHO Expert Committee on Food Additives (JECFA), which serves as an expert advisory body. JECFA is comprised of experts in the chemistry, pharmacology, and toxicology of veterinary medicinal products. Based on recommendations made by the CC/RVDF, JECFA evaluates animal health products which may be of public health concern or which may negatively affect international trade. JECFA has achieved scientific credibility and a reputation for integrity among those involved with the regulation of animal health products.

In the ongoing GATT Uruguay Round of Multilateral Trade Negotiations, a key role is designated for Codex. At GATT deliberations in April, 1989, the signatories to the Agreement accepted the following principles:

> "1) GATT rules should be strengthened to ensure that trade restrictions applied to protect human, animal or plant health are consistent with sound scientific evidence and

provide an equivalent level of health protection for the importing country.

"2) The GATT dispute settlement process should be improved so that it can handle health-related agricultural trade issues.

"3) The GATT should work with the following organizations to develop a stronger approach to health and sanitary regulations:

"The Codex Alimentarius Commission for food safety,

"The International Office of Epizootics for animal health,

"The International Plant Protection Convention for plant health." (Emphasis added.)

These principles are based on proposals made by the U.S. and are fully supported by the U.S. government. The animal health industry has also taken a strong stand in support of these principles.

The essential role to be played by Codex and its Committee on Veterinary Drug Residues must not be forsaken. Their significance cannot be overstated. They are the only recognized worldwide scientific-adjudicatory bodies available to help resolve scientific questions involving international food regulation and trade policy.

We do not wish to see the progress of the last four years jeopardized due to political problems within the Food and Agriculture Organization. President Bush's 1991 budget proposals call for total payment of the U.S. contribution to the international organizations in which the United States is a member. We support that part of the President's budget and believe that the United States should support the continued work of FAO, as well as assure full participation by the U.S. in FAO activities. In this connection, we note that the United States appears to be the only major Western country that at present has a substantial FAO arrearage, and that arrearage amounts to some $200 million today.

We strongly recommend that the Congress give clear directions to the administration that adequate financial support continue to be provided to the Food and Agriculture Organization to assure that the United States maintain its voting rights and status.

Thank you for the opportunity to present our views. We would gladly try to respond to any questions you may have.

Mr. **Early**. Thank you for your testimony, Doctor.

Mr. **Smith**. What is your understanding of why FAO is being targeted?

Dr. **Bagnall**. Well I think over many years, there have been some legitimate concerns. I am not an expert in this. But I understand there have been some reforms which have been long overdue.

It is my understanding that many of these reforms have been attended to and are being implemented, so the mechanism of withholding dues may have some success. But if we look at the list of funding of the U.S. agencies, FAO appears to have been very hard hit by the State Department, and we think that the reforms are in progress. And if this very severe curtailment of funds continues, it may really be counter-productive. It may weaken many of the efforts of FAO, and we are particularly worried about Codex.

Mr. **Early**. Thank you for your statement, and I assure you, the committee will look at it when we mark up the bill.

Dr. **Bagnall**. Thank you very much.

Mr. **Smith**. That concludes our outside witness hearings. We have received several statements from individuals who were unable to appear in person before the Committee which we will insert into the record at this point.

We will adjourn subject to the call of the chair.

[The statements follow:]

STATEMENT OF
ROBERT A. MCCONNELL
BEFORE THE
COMMERCE, JUSTICE, AND STATE, THE JUDICIARY AND RELATED AGENCIES SUBCOMMITTEE
OF THE
HOUSE COMMITTEE ON APPROPRIATIONS
FEBRUARY 22, 1990

Mr. Chairman, I offer this statement in support of the fiscal 1991 appropriations request of the Commission on Security and Cooperation in Europe (the Helsinki Commission). My name is Robert McConnell, I am an attorney here in Washington, but I submit this statement as a private citizen, on my own behalf.

The events in Eastern Europe and in the Soviet Union in the recent past are extraordinary and, among other things, are changing the nature of international relations. There is now and will continue to be consideration of the appropriate responses to those changes. I want to state simply my view that the Helsinki Commission continues to have an extremely important role to play in monitoring and promoting compliance with the human rights provisions of the Helsinki Accords and to encourage governmental and private programs intended to expand East-West cooperation.

The developments in Ukraine have been of particular interest to me and I applaud the interest and support of the Commission, its members and staff. The elections to the Supreme Soviet of the Ukrainian Republic are to be held on March 4, less than two weeks from now. Members of the Commission are going to observe the election and their observer role is most important. These elections have been preceded by numerous political conflicts between the Communist Party apparatus in Ukraine and the various opposition interests led by The Popular Movement for Perestroyka (RUKH). Simply defined, many of these conflicts arise from the phenomenon of administering elections that provide a choice

The struggle first surfaced in the March 1989 elections for the USSR's Congress of People's Deputies. A number of high ranking party officials from Ukraine were not elected. Voters chose new leaders, some members of the Communist Party, some not. Many are now members of RUKH, which began to function last summer.

Last year, a new election law proposal was circulated. The proposal was heavily slanted in favor of the Communist Party. There were to be quotas of deputies from the

Party and all potential candidates were to be screened by electoral commissions on the basis of their platforms. This draft was denounced and an alternative proposal was prepared by the newly emerging leaders. The Communist Party tried to stop the printing of the alternative election law proposal but was outmaneuvered when printers in Lviv took the position that if the election proposal was not printed they would not print PRAVDA or IZVESTIYA, the daily papers of the Communist Party of the Soviet Union.

Just the issue of publishing the alternative election law proposal got to the point of a threat by RUKH of a general strike. Eventually, many of the features of the alternative proposal were adopted. Nevertheless, in many instances execution of these rules has presented onerous challenges to those seeking to be candidates. For some candidates, the process that put their names in nomination has been challenged. There have been difficulties in having nominated candidates registered to stand for election. Many such administrative barriers continue to confront candidates.

The overall situation appears to be one that combines elements of a discriminatory process, with politically exclusionary tactics and a general ignorance that comes from a history devoid of any experience in electoral choice. The election of March 4 will not be an ideal situation but it should be a constructive step for free expression and a move toward democracy. In my view, it will be a much better process because the Helsinki Commission has responded favorably to a request from members of the USSR's Congress of People's Deputies for election observers from the United States Congress. The Helsinki Commission presence will make a difference.

Travelling to Kiev for a Sunday election on a weekend sandwiched between two busy legislative weeks is not an easy trip. But a delegation to be led by Congressman Don Ritter and generously supported by Chairman Dennis DeConcini and Co-Chairman Steny Hoyer will be doing just that. It is for this type of constructive work that the Commission was established. Its important mission continues and I respectfully urge that its appropriation request be granted. Thank you.

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TESTIMONY OF THE ALASKA ESKIMO WHALING COMMISSION
BEFORE THE
HOUSE COMMITTEE ON APPROPRIATIONS
SUBCOMMITTEE ON COMMERCE, JUSTICE, STATE, THE JUDICIARY
AND RELATED AGENCIES
March 1990

INTRODUCTION

The Alaska Eskimo Whaling Commission (AEWC) is an Alaska Native organization, created for the purpose of managing the Eskimo subsistence hunt of bowhead whales. The AEWC was formed in 1977 and is composed of nine Commissioners, one from each of the nine Eskimo whaling villages in northern Alaska. The AEWC manages the bowhead hunt pursuant to a Cooperative Agreement with the Department of Commerce, National Oceanic and Atmospheric Administration (NOAA). As a result of the AEWC's commitment to the preservation of the bowhead population and because of its responsibilities under the Cooperative Agreement, the AEWC also sponsors biological research and weapons research intended to improve the efficiency of the Eskimo hunt. In conjunction with its management responsibilities, the AEWC sends representatives to the annual meetings of the International Whaling Commission (IWC).

BACKGROUND

The current Fiscal Year 1990 appropriation for the Alaska Eskimo Whaling Commission is $350,000. The AEWC would like to request that the current level of funding for this program be maintained for Fiscal Year 1991. The projects which comprise the AEWC's bowhead whale research and management program include:

(1) an ice based visual census conducted for the purpose of estimating the number of bowhead whales currently in the population;

(2) a recently developed acoustical survey technique which is used to count whales that are beyond the range of the visual census;[1/]

(3) the formulation and analysis of statistical population models using data from the projects set forth in paragraphs 1 and 2;

(4) the biological analysis of material from harvested whales;

(5) the implementation of the AEWC-NOAA Cooperative Agreement which involves annual negotiations with NOAA on the level of the bowhead quota, organizing an annual meeting of whaling captains, registration of whalers, management of the bowhead hunt, reporting on the results of the hunt and disciplining any whalers who violate the hunting rules;

(6) attendance of AEWC representatives at the annual meeting of the International Whaling Commission.

(7) a program of technological improvement for equipment used in the hunt and in the recovery of whales, intended to improve the efficiency and humaneness of the hunt.

When the bowhead whale research program was initiated, very little was known about this whale. As a result of the research which this program makes possible, we have obtained preliminary estimates of the current size of the population. However, due to the fact that bowhead population data can only be gathered during

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[1/] Projects 1 and 2 are conducted during the Spring bowhead migration.

the few weeks of the Spring migration, it will be several years before precise estimates of the size of the population and its rate of recruitment are available. The information which has been obtained so far has relieved concerns that the Eskimo subsistence hunt might be adversely affecting the health of the population. It is now fairly clear that the subsistence hunt, as regulated by the AEWC, is sufficiently small in relation to the size of the bowhead population, that it does not represent a threat to the continued existence of the bowhead whale. However, the IWC has required that the United States continue to conduct bowhead population research, at least until the recruitment rate of the stock can be accurately estimated.

Pursuant to its Cooperative Agreement with NOAA, the AEWC is required to perform several administrative tasks each year. Representatives of the AEWC attend the annual meetings of the IWC, where quotas for the bowhead hunt are set under the International Whaling Convention. The AEWC Commissioners conduct annual negotiations with NOAA concerning the domestic implementation of the IWC quota. Prior to these negotiations, at an annual meeting of whaling captains, the AEWC gathers information from each of the whaling villages with regard to their quota needs, and following the negotiations, allocates the bowhead quota among the villages. During the Spring and Fall whaling seasons, the AEWC monitors the bowhead hunt, ensures that the quotas are observed, punishes any infractions, and reports the outcome of each hunt to NOAA.

1991 FUNDING REQUIREMENTS

In the past, both the House and Senate have given explicit recognition to the tasks associated with the bowhead whale research program and the management of the bowhead hunt.

The AEWC would like to request that the following similar language be incorporated into the Fiscal Year 1991 House Appropriations Committee Report on the 1991 Appropriations for Commerce, Justice, State, the Judiciary and Related Agencies:

> $350,000 to be allocated to the Alaska Eskimo Whaling Commission for the following purposes: (1) scientific research; (2) for International Whaling Commission representation; and (3) for implementation of the Alaska Eskimo Whaling Commission and National Oceanic and Atmospheric Administration Cooperative Agreement.

The bowhead whale is crucial to the Eskimo people and the Eskimo culture. In addition, the scientific research funded through Congressional appropriations is helping us to better understand and thus to better protect the bowhead whale. Therefore, we ask that the U.S. House of Representatives recognize the importance of this research by continuing the current level of funding for the AEWC's research and management programs, and by providing language in its Committee Report specifying the reasons for this appropriation.

Thank you for considering this request.

Assessment of Voice of America Operations:

1990

Mr. Chairman:

On Thursday, February 1, 1990 officials of the Voice of America announced that effective April 1, 1990 six language services would cease their broadcast operations. The group of six includes: Greek, Turkish, Slovene, Swahili, Lao and Uzbek. A total of fifty-seven employees will be affected by this action. Those employees on J-1 visas face the possibility of outright dismissal; other employees will be subject to reduction-in-force procedures. In making the announcement, VOA officials said that attempts would be made to try to find employment for the affected employees at Radio Free Europe/Radio Liberty (RFE/RL) and/or at the British Broadcasting Corporation (BBC). In the aggregate, the elimination of the six language services represents a 14 percent reduction in the total number of VOA language services.

This turn of events represents one of the lowest moments in the history of the Voice of America. It comes at a time of momentous political, economic and social change in many quarters of the world...a time when it would appear that the need for a strong VOA presence is as acute as it would be in times of war or other crises and travail.

Before examining the present situation, it would be appropriate to offer comment on how we believe the Voice of America arrived at its present dilemma. In the course of this statement, we shall endeavor to offer some candid discussion about prospects for the future and what we believe is necessary to prevent further erosion of the VOA's broadcast operations and its public diplomacy mission. We do not expect that everyone will agree with the position taken in this statement. However, we do believe that we are now faced with a crisis. As such, the time has come for separating myth from reality as regards various aspects of VOA operations in the hope of preserving the structure of the institution, as it presently exists, in an era of fiscal retrenchment and, at the same time, looking toward the future and what will be required of the Voice of America in a changing international broadcast environment.

This year, with this statement, we will periodically highlight questions which we feel must be answered and explained with regard to the present situation at the Voice of America.

The Legacy of the 1980s

The Voice of America has been a part of the United States Government's public diplomacy effort for the entire post-World War II era. Its record of service speaks for itself.

For most of this period, VOA has had to make do with equipment and facilities which, with the passage of time, have become outdated.

With the ascendacy of Ronald Reagan to the presidency in 1980, recognition was given to the need to modernize and upgrade VOA technical facilities. Given the temper of the times, it was also recognized that VOA provided a relatively cost effective means and instrument of public diplomacy.

In July, 1982 the National Security Council issued a decision directive (NSDD-45) which mandated the parameters of VOA's program expansion and technical modernization. Language services were to be increased from 42 to 60 and program hours were to be increased from roughly 960 to slightly over 1400 per week. In conjunction with the program effort, a full-scale overhaul and upgrade of technical facilities and equipment was to be undertaken. Interestingly, the NSC envisioned the Reagan Presidency to successfully remain in power through 1988. As part of the mandate, however, the NSC emphasized that the full scope of this modernization effort be completed before the mantle of the Presidency was passed on to the succeeding administration.

Well after the end of the Reagan Administration and now well into the first of possibly two terms of the Bush Administration we find that the Voice of America has, in fact, failed to successfully execute the policy mandate established by the NSC.

Indeed, not one of the major mandates outlined in NSDD-45 has been successfully completed. In 1990 we find the Agency poised to reduce its language services by 14 percent, from 43 to 37, and its total, overall broadcast hours cut back accordingly. In the area of technical modernization, most major transmitter construction is mired in delays. One project, the Israeli transmitter site, now must be administered jointly by the Board for International Broadcasting (BIB) and the Israeli Government. At the VOA Headquarters facility, studio renovation is well behind schedule and aspects of other technical modernization (such as the Network Control Center and Central Recording) are incomplete or deferred indefinitely.

Question: Since the Congress has authorized many millions of dollars to support the NSC mandate and public diplomacy goals of the Reagan Administration, the burning question on the minds of many VOA employees is: how was the funding authorized by the Congress spent; and, what have we accomplished materially in terms of capital expenditures for program expansion and/or material contruction?

Many VOA employees are left with the feeling that the big push to execute the NSC mandate has been nothing short of a disaster; and that the future of VOA has not been mortgaged, but rather, almost bankrupted in both the short and the long term. Over succeeding years, Agency officials have appeared before the Congress to explain away the delays and shortcomings of the VOA rejuvenation effort. The fact of the matter appears to be that the size, scope and complexity of the undertaking plainly overwhelmed the capability of the Agency to competently execute policy in this area, in a timely, successful and cost effective manner.

At the same time, we have been witness to what appears to be unprecedented growth in the administrative support elements of the Voice of America.

Question: Even though VOA was directed by the NSC to expand from 42 to 60 languages, in fact, there has been next to zero growth in language services. As VOA prepares to reduce existing language services, during the period 1980 to 1989, how much growth and expansion has taken place in such areas as the Office of Administration and the Office of Personnel? Equally, how much growth has there been in the VOA Office of External Affairs? What is its purpose, what has it accomplished, and what has it contributed to the VOA broadcast mission and/or execution of the NSC mandate?

Question: With the announced and pending closings of six language services, to what degree will non-broadcast staff be similarly reduced in terms of real reductions-in-force, as opposed to paper reductions?

Question: In light of VOA's pressing fiscal crisis, why is VOA continuing to modernize outdated facilities and/or relocate existing facilities within the VOA Headquarters building and still plan to move to a new location and building at some point in the near future (which will, in turn, generate even more millions of dollars in capital expenditures)?

Program Issues

At a time when service reduction are looming on the VOA horizon, VOA employees give consideration to and generate discussion of the nature and/or direction of VOA programming.

We have long held the belief that the Voice of America has engaged in some programming initiatives which have popular appeal in the Congress, but have what we believe are limited value, when compared to other mainstream VOA language services and programs. This year, as in past Statements, we are going to renew our opposition to some of the more notable offshoots from VOA's principal broadcast operations.

First on our list is VOA/Europe.

We maintain now, as we have in the past, that VOA/Europe is superfluous to VOA's Worldwide English service. In the first instance, as it is being carried out today, VOA/Europe is operating on a scale that is less than what was envisioned. VOA/Europe broadcasts are in English and not in any of the vernacular languages of the Continent. In the second instance, we continue to doubt that VOA/Europe is going to significantly influence public opinion on the part of a generally well informed West European population with its own agenda. "Hearts and minds" campaigns (which appears to be the subliminal crux of VOA/Europe's existence) are difficult at best and made even more so when the population has free and readily available access to a variety of alternative programming.

Recently (Broadcasting magazine, January 29, 1990 issue), it was announced that VOA/Europe would provide programming to a joint venture radio station called "Radio Bridge" which is being developed in Hungary. Perhaps this is the direction in which VOA/Europe should go, although there are other aspects to the issue which will be discussed below. In addition, it is also a means to allow VOA/Europe to escape consideration for elimination and/or reduction as part of VOA's budget crisis.

Question: In the years that VOA/Europe has been in operation, how much funding has been devoted to the undertaking?

Question: Since VOA/Europe has been operational, questions have arisen as to the significance of VOA/Europe in the overall West European market. To that end: what studies have been undertaken to measure audience size? What are the relative positions of stations carrying VOA/Europe programming in their markets? Have studies been conducted by research organizations independent of VOA?

Another program initiative undertaken by the Voice of America involves Radio and TV Marti service to Cuba.

While we have been generally noncommittal with regard to Radio Marti in the past, the present situation requires a reevaluation of the merit of this aspect of VOA operations.

Radio Marti was created, in our view, to fill a limited need; namely, special programming targeted specifically for Cuba. Creating Radio Marti came, to some degree, at the expense of VOA operations directed toward Latin America, primarily in terms of frequencies, transmitter usage and budget.

With the present fiscal crisis, we believe that the Voice of America cannot continue to operate Radio Marti as a separate entity; and that the staff, frequencies and transmitter facilities be once again merged into the mainstream Spanish broadcasts to Latin America. In our view, doing so is far more cost effective by targeting programming for the entire Southern Hemisphere.

With regard to the TV Marti project, we believe that attempting to initiate such service at the present time is only going to come at an expense to the overall VOA operation far in excess of whatever value is seemingly to be derived from this service.

In reflecting upon the entire Marti package, we would offer the following considerations:

In our view, the Marti effort comes as the consequence of a longstanding battle between the United States and the government of Fidel Castro. Mr. Castro has successfully irritated the United States virtually from the moment he overthrew the Batista regime. Mr. Castro might be characterized as a dogmatic Marxist, involved in revolutionary activities in areas outside the Cuban mainland. He also appears to dislike American administrations of each political party equally.

Feeding the mutual animosity between Mr. Castro and the United States Government has been the successful advocacy efforts within the Cuban-American community, which certainly strongly supports the Marti projects.

Frankly speaking, the Marti projects may be politically expeditious; but under the present fiscal circumstances they may be financially unrealistic.

We have no doubt that Mr. Castro's Cuba is a country laboring under the strains of economic failures and political oppression. The Soviet Union continues to be responsible for providing, at great cost, various forms of assistance to the Cuban government. Yet, we still remain skeptical of the overall impact of the Marti projects on the Cuban people.

Writing in The New York Times ("Pull the Plug on TV Marti," June 9, 1989), Manuel R. Gomez, president of the Cuban-American Committee Fund, notes:

> "The assumption that TV Marti will be a vehicle for change in Cuba is wishful at best. True, those who are already believers will listen for the political message. But many others will...stick by their traditional distrust of Yankee deception and interventionism, still a bulwark of the Cuban Revolution.
>
> "A good argument can even be made that the station will have exactly the opposite effect to what is intended: It will harden the anti-American among the majority in Cuba. Whatever the case, even if many in Cuba are tired of their one-sided media, they won't trade in that skepticism for faith in American TV broadcasts run by Cuban exiles in Miami.
>
> "...the creation of TV Marti would surely be perceived by Cuba as a hostile act. The Cuban community will suffer the brunt of Cuba's displeasure, as we did after Radio Marti, when Cuba closed off all family visits to the island. And for what? To increase the political fortunes of the bunch of self-appointed liberators in Miami who are backing the project?"

On the same topic, an editorial ("How High the Lunacy") appeared in the November 6, 1989 issue of Broadcasting magazine, again challenging the efficacy of the Radio Marti project:

> "Aid to the victims of Hurricane Hugo and the San Francisco earthquake...is budgeted in the billions; the S&L bailout, some estimate, will cost the hundreds of billions over the next few decades. With those large bills to pay, it is a clear case of misplaced priorities that the government plans to waste $16 million a year over two years on the Cuba-targeted, Florida-based TV Marti, a sort of combination television station-Macy's parade float most fervently backed by Florida politicians in whose backyards the project would be undertaken."

Due to its proximity to the U.S. mainland, Cuba is capable of receiving radio and television broadcasts from a host of American commercial stations.

In addition, Cable News Network is beamed to Cuba and available to no one less than Mr. Castro himself.

It is interesting to note that, through all the years of tension between the United States and Cuban governments, there does not appear to have been any serious effort at jamming U.S. commercial broadcasts into Cuba until the recent announcement of television service into Cuba via TV Marti.

Question: In a cost comparison, how much money has been earmarked for Radio/TV Marti as compared to the funding for VOA broadcasts to Latin America (Spanish, Portuguese and Creole)? What is the size of the population of Cuba compared to the size of the population of Central and Latin America?

The Competitive Edge

The nature of the international broadcasting environment is changing, in large part due to the rapid change we are witnessing in Eastern Europe, but also due to increased sophistication on the part of regional broadcasters and commercial entrepreneurs.

The Voice of America has, for years, flourished in situations in which its audiences were, literally, "captive audiences," in which sources of news and information were rather limited in political, economic and social environments which were under the grip of one or another form of totalitarianism. The extent of VOA's social and political influence may be hard to measure; however, there is no doubt that many people relied upon the Voice of America for news, information and entertainment and a sense of hope for the future. There is no doubt, too, that some of what VOA broadcast in the past (and broadcasts today) may be characterized as propaganda, if one accepts as an operative definition one offered by Webster's New World Dictionary:

> 2. "...any systematic, widespread dissemination or promotion of particular ideas, doctrines, practices, etc. to further one's own cause or to damage an opposing one..."

As Eastern Europe and the Soviet Union move through an unprecedented era of (hopefully peaceful) political evolution, broadcasting becomes a fertile marketplace for ideas, artistic expression and commercial growth.

In the past, the Voice of America's principal worry may have been countermeasures to Soviet jamming efforts. Today, the focus of concern may be more aptly focused on a flood of radio stations, networks, and program syndicators, perhaps tied into other capital ventures by major Western corporations. In such an environment, VOA will have its hands full trying to keep up.

Indeed, VOA is already being challenged in Eastern Europe and Latin America by the foresighted planning of Ted Turner's Cable News Network. CNN is now available in many countries, globally, with prospects for even further growth. Arguably, CNN's International News Hour may be one of the most largely watched news programs in the world.

In addition to CNN, there has been some discussion and commentary in trade publications regarding Eastern Europe and the Soviet Union as the next frontier for radio programming.

As a consequence of these developments, VOA finds itself having to make a "course adjustment" in areas where competition looms as a likely factor in the near and distant future. Decisions (and, most likely, legislation) must be rendered today to determine what role VOA is going to play in the new international broadcasting environment. Given fiscal pressures, it is likely that VOA cannot be all things to all people and must select a "format" which will make it a desirable alternative to programming offered by other broadcasters.

In other parts of the world, however, similar chage has not occurred. In this respect, China remains one of VOA's most fertile grounds.

However, we are concerned about the tone and character of VOA programming to China. Since the events of May-June, 1989 VOA programming appears to have taken a certain turn away from a more broadly appealing programming toward a more propagandized one.

For example, a recent Chinese language program segment dealt with the character of organized labor in the United States. The thrust of the program, as explained to us, was to demonstrate the power of organized labor in the American workplace. However, the program did not appear to detail the fact that the strength of organizaed labor is relative to particular industries and not across a broad spectrum of American industry. Thus it could be construed that an impression was being placed in the minds of Chinese listenners which was not necessarily accurate or representative of the subject under consideration in the program.

VOA officials appear to believe that by injecting VOA programs with catchy music pieces (called "music bridges" or "jingles") that this alone is going to make VOA more interesting to potential listenners. Such thinking misses the mark. Program content is the key to success. Regional language broadcasters complain that the program review process does not give adequate consideration to the nature of target areas and the complex weave of various cultural factors when making determinations with regard to "jazzing up" VOA programming. Rather than challenge the thinking of VOA officials involved in the process, many VOA language service personnel merely do as they are told in order to avoid conflict.

To a great extent, the present and future viability of VOA is predicated upon the ability of Agency officials to recognize the changing composition of the international radio environment and make appropriate adjustments in VOA programming accordingly.

Inside the Voice of America

The Voice of America was the subject of an extensive GAO investigation in 1988 regarding management personnel practices. In mid-1989, a GAO report was released detailing the findings of the GAO field unit dispatched to investigate a variety of allegations.

While somewhat generalized and cautious in tone, the GAO report, in our view, confirms our contentions that the Voice of America is beset with substantive and institutionalized problems generated, in large part, by management practices.

We tend to look upon the VOA bureaucracy as a "good old boy and girl network," the prime activity of which seems to be promoting each other and pursuing personal agendas.

When senior VOA officials announced on February 1, 1990 that six language services were scheduled to be eliminated, beginning April 1, 1990 a storm of outrage erupted among the VOA community of broadcasters, producers and technicians. Questions raised about what proportionate cuts were being sustained by the bureaucracy (namely the Office of Administration and the Office of Personnel) were danced around by VOA managers. Indeed, an article in The Washington Post a few days after the February 1 announcement noted that while it was cutting out six language services and eliminating employees, the Agency was continuing to post vacancy announcements for positions in other areas, even though Agency officials stated that there was a "total hiring freeze" in place.

In the midst of all the turmoil surrounding the announced reduction-in-force, USIA has let a contract for an industrial psychologist who has been tasked to determine why there is a morale problem at the Voice of America. In our view, the reason for the obliteration of employee is readily apparent: in one after another ill-conceived decision on a broad scope of fronts impacting adversely on Agency employees. VOA personnel policy appears to be thoroughly impregnated with anit-employee animus. The amount of individual and group litigations supports this allegation. In our view, the VOA Labor and Employee Division operates as an advocate of a well-embraced management policy of adversarial and punitive personnel practices.

Conclusions

Mr. Chairman:

In recent months, many VOA employees have speculated aloud how long it would take VOA to "hit rock bottom." The announcement on February 1, 1990 by senior VOA officials that six language services...Turkish, Greek, Slovene, Swahili, Lao and Uzbek...would be terminated, seems to have answered the question.

In our view, this decision represents the ultimate expression of failure to execute the VOA mission. The heart of VOA is its broadcast operations. Termination of VOA broadcasts is analagous to one of the major American commercial networks announcing the cancellation of programming with no replacement broadcasts; only the silence of "dead air."

Equally, we believe that this decision comes on the heels of years of institutionalized waste and mismanagement; and this decision forces us to ask the question: do we have competent leadership and management at the Voice of America?

For the better part of the 1980s, the Agency appealed to the Congress for more and more funding to execute the mandate of the National Security Council. What do we have to show for this effort?

In essence, we have a modernization effort which is nothing short of a fiasco. Of the various projects involved, only the Master Control project has been completed. In the meantime, the studio renovation project drags on, an overhaul of the Central Recording facility appears indefinitely postponed, and the Network Control Center is not fully functional.

If this were not cause for concern alone, the Agency has strongly intimated that it is interested in moving to new quarters sometime in the decade of the 1990s. Should this be the case, the entire modernization/renovation effort which has transpired at the present VOA Washington Headquarters facility must be duplicated in the new location. Salvaging equipment is not a viable option since the Voice of America operates 24 hours a day, 7 days a week. In order to provide continuity in its broadcast operations, a minimum of approximately 20 studios, a Master Control and other technical facilities must be constructed in advance of any move to a new building.

From our perspective, the entire decisionmaking process, as well as the decision makers themselves, are suspect. We see various elements of the Agency going in different directions without regard to the consequences for the future of the Agency.

Recommendations

Mr. Chairman:

We believe that we have again made a reasonable case for substantive overhaul of the Voice of America in a broad range of areas including: modernization, programming and management personnel practices. To allow the present management approach to continue as is, in our view, only invites further upheaval, waste and mismanagement. If the Congress and the Administration have a serious interest in eliminating waste and mismanagement, the Voice of America is as good a place as any to start. In our view, there are a number of ways to make VOA cost effective and mission effective, as outlined in general terms below:

Program Issues:

We support authorization legislation which would forestall the elimination of the six language services targeted for elimination on April 1, 1990, perhaps by moving funds designated for radio construction into the Salaries and Expenses account.

We support a review of VOA programming to determine its effectiveness in the various target areas, and whatever means may be necessary to adjust programming to make it more effective.

We support a comprehensive review of VOA "satellite" prgramming (VOA/Europe, VOA/Pacific, Radio/TV Marti) to determine program effectiveness and methods to mold these programs into mainstream VOA operations rather than continued operation as separate entities.

Modernization:

We support a moratorium on VOA modernization. The continuation of the present modernization approach is likely to guarantee continued waste and mismanagement, particularly if the Agency intends to move to new facilities. A review of transmitter site projects should also be undertaken in light of continuing delays and apparent design inadequacies. A GAO investigation of modernization is overdue.

Management Personnel Practices:

We support a comprehensive overhaul of the VOA Office of Personnel and a review (i.e., OPM audit) of positions and qualifications of management and supervisory personnel.

We support the creation of an independent VOA Ombudsman, as opposed to the present post which is staffed by a career VOA management officer.

Legislation Issues:

We support, in principal, appropriate steps to reorganize VOA as a wholly independent agency, or as part of the Corporation for Public Broadcasting.

As the international political landscape undergoes transformation, and as conditions develop which allow opportunities for economic ventures which were previously impossible, the Voice of America (if remodeled along the lines of American public radio networks) may be able to generate corporate sponsorship funding from companies engaged in commercial activities in Eastern Europe and the Soviet Union. If a workable idea, such activities would aid in supplementing funding which may be constrained into the future.

Closing

Mr. Chairman:

We began this Statement by noting that the Voice of America was preparing to close six of its language services and displace fifty-seven employees as a result.

We now note that the February 10, 1990 edition of The Washington Post reports that VOA officials have been directed to keep these six (and all other) language services operational and find alternative means of implementing budget cuts.

The employees of the Voice of America have been put through an emotionally traumatic rollercoaster ride which, in our view, is the ultimate expression of the inability of VOA officials to manage the Agency.

We have been articulating these problems and the roots of these problems for several years now. Unfortunately, we have not been sufficiently persuasive in demonstrating to Members of Congress that the problem is urgent, requires remedial action and will continue to fester and cost millions of dollars in waste and mismanagement if allowed to go unchecked for any further, appreciable period of time.

By not placing adequate pressure on the Agency to show some direction in what otherwise is a piecemeal management approach to virtually all aspects of VOA operations, the Congress is sending a message which rightly or wrongly is being interpreted as tacit acceptance of waste and mismanagement as the prevailing VOA management approach. It also is rightly or wrongly accepting unwarranted personnel practices perpetrated by VOA management upon its employees as an acceptable management approach.

In total, the problems highlighted in our Statement pose a major impediment in the effectiveness and perpetuation of the VOA mission as stipulated in the VOA Charter.

In the February 11, 1990 edition of The Washington Post, a commentary entitled "America Adrift," by Lester C. Thurow (dean of MIT's Alfred P. Sloan School of Management) noted, in part:

> "Does America know where it's going? Does it care?
>
> "...Great societies don't depend on foreigners to pay their bills. They don't sit around waiting to see if their chain is going to be yanked. It is sad to watch the momentous events occurring in Eastern Europe knowing that we cannot help with aid or investment since we have to borrow from the rest of the world to keep investment from falling here at home. What would John Foster Dulles have been willing to pay to guarantee democracy in Poland?
>
> "Yet, despite these humiliations, we stay adrift, unable even to play a leading role on the world stage. Our lack of direction seems the more embarrassing in that the changes we have to make to get back in control of our social and economic destiny are, in fact, rather modest. Indeed, the seeming modesty of our challenges may be why we seem unable to mount a collective response.

> "Our democracy has a good track record when it comes to dealing with crises...we will get organized to march collectively in the necessary direction. All societies that have made it to the top have had that ability. But staying at the top requires something more: the ability to deal with situations that, if viewed in any one single year, are hardly problems but that, if allowed to fester decade after decade, become disasters.
>
> "...the necessary changes won't happen because of spontaneous combustion. Humans like to lie to themselves. We all say that we like to change, that we keep our eye on the long run. But when it comes to actually taking actions today that will improve our position tomorrow, we don't want to do it. We have to be organized, to be led. Instead we are being soothed.
>
> "...America now faces history's toughest long-run challenge: changing before failure arrives.
>
> "Historians of the future will base their judgment of today's leaders on how well they meet this challenge..."

Eastern Europe and the Soviet Union are in a period of social, economic and political transition. It is not a given, by any means, that the aspirations of the people in these societies have finally been achieved and their future course secured. There will most likely be many arduous steps taken before the situation becomes certain and stabilized. Thus, it is in the best interests of all parties concerned that the United States take an affirmative role in advocating peaceful political evolution and development of free market economies and substantive political change. The Voice of America is a ready medium for the articulation and expression of our social, economic and political creed which, even with all of our pressing problems, has led us to greatness.

Thus, the need for the Voice of America has never been greater. However, it is time for a mid-course correction in terms of the Agency's direction; and there is an even greater need for affirmative leadership in the management of the Agency and reform of its internal policies toward its own employees. Absentee, incompetent, adversarial or apathetic management will not carry the Agency through the present decade.

Even in nations which have far to go before reaching the level fo change being experienced in Eastern Europe and the Soviet Union, the Voice of America continues to be a medium which, used properly and effectively, can continue to direct the hopes and aspirations of oppressed people, wherever they may be, toward the prospects of a brighter future.

We again appeal to Members of Congress to support our desire for corrective action to resolve the problems which we believe hinder the overall effectiveness of the Voice of America.

In the National and Public Interest, I remain

Respectfully yours,

Gary A. Marco

Gary A. Marco
President, NFFE Local 1418

Organized 1870 to Promote the Conservation, Development and Wise Utilization of the Fisheries

AFS American Fisheries Society

JOE G. DILLARD
President 1989-1990

CARL R. SULLIVAN
Executive Director

PAUL BROUHA
Deputy Director

March 1, 1990

The Honorable Neal Smith, Chair
U.S. House of Representatives
Subcom. Commerce, Justice and State,
The Judiciary and Related Agencies
H309-Capitol Building
Washington, DC 20515

Dear Chairman Smith:

The American Fisheries Society (AFS) appreciates the opportunity to submit these written comments concerning the proposed fiscal year 1991 budget for the National Marine Fisheries Service (NMFS). We ask that these comments be included in the official record of the hearing.

The AFS was founded in 1870 and is the world's oldest organization of fisheries scientists, having been active for 120 years in fisheries research, scientific publishing, conservation, and enhancement. The AFS is also the largest fisheries organization with over 8,500 members who are employed by public agencies at the state, federal, and international level, as well as by educational institutions and private industry.

Before we comment on the specific proposal for the NMFS FY 1991 budget, it will be helpful to briefly review some facts about the nation's living marine resources and NMFS, the federal agency assigned responsibility for their protection, conservation, management, and development.

The living marine resources occurring within the Exclusive Economic Zone of the United States include 15-20 percent of the world's traditionally harvested fishery resources. The current value of the commercial use of these resources alone is represented by annual landings worth over $3.5 billion at the dock side, with a value added economic contribution the nations GNP estimated at $17 billion. These living marine resources also support a recreational fishery with an annual economic value estimated at more than $13.5 billion, along with a large and growing non-consumptive sector which has placed a high social value on these resources, particularly the marine mammals. The significance of fisheries products to the nation is further indicated by the consumer demand which was at 15.0 pounds per capita consumption level in 1988. This growing domestic demand has resulted in a record level of imports of edible and nonedible fishery products in 1988 of $8.9 billion. Exports of U.S. fishery products was a record $2.3 billion in 1988, making the resulting $6.6 billion trade deficit in fishery products one of the most important factors in this nation's overall trade deficit.

Coincident with the increasing domestic demand for seafood, is a growing public concern over the safety of the U.S. seafood supply. Questions are being raised by consumer groups and the seafood industry. Addressing these concerns will require an assessment of the production potential of the nation's fishery resources, quality of the nation's coastal waters, and pathways of contaminants into the seafood supply, and the inspection of domestic and import fishery products.

· A unique characteristic of the nation's living marine resources is their inherent renewability, where with proper management they are not depleted through use as is the case with most natural resources, but are capable of a sustained level of productivity year after year. The renewable nature of these living resources means that a continuing stream of benefits can be realized through assuring their continued maximum biological productivity and their optimum utilization by multiple, often competing users. Achieving this productivity from living marine resources also requires protecting and conserving their habitat, which is the foundation for this resource productivity, along with controlling their rate of utilization.

For over one hundred years--even before the major regulatory and development legislation of the 1970s and 1980s became law, the federal government recognized the need to be involved in the resolution of fisheries issues and maintained a federal fisheries agency. Over the years the threats to the resources have become greater and the issues more contentious. A responsible federal program is essential to the future of our fishery resources, their environment, and those who depend on them for livelihood, protein, and recreation. It is also essential if we are to avoid potentially serious public health and/or economic impacts on the nation's fishing industry associated with the real or perceived problems with the nation's seafood supply - impacts which could be avoided by an adequately funded and responsible federal fishery program. The federal fisheries program is not a superfluous expense, it is an investment in the maintenance and wise utilization of a priceless, publicly-owned renewable natural resource which can be, and indeed in some cases is being, destroyed by misuse or mismanagement. We are encouraged by the statements that the Bush Administration is concerned with the environment. There are even indications the Administration may be willing to recognize the need for an effective fisheries program in presenting a more reasonabole budget proposal for the NMFS than we have seen in prior years. While this is a positive step, it is still inadequate for the scope and importance of the job facing the NMFS.

The future of the nation's fisheries revolves around two key concepts: (1) the renewable but vulnerable nature of living marine resources which requires appropriate conservation and management to assure their continued productivity and future availability, and; (2) multiple use of these resources, which requires informed decision-making and coordinated response within all levels of government and industry. It is the responsibility of government, as the resource manager, to support research and services which provide timely and accurate resource and fishery information, including information on the distribution and abundance of the resources, harvestable surplus, the domestic and international market trends, the condition of critical habitat, and the other very basic information necessary for the conservation of fisheries resources and protected species. Based on this information, and in consultation with the industry and the public, it is the further role of government to formulate, or participate in the formulation of, fishery management plans, protected species management plans, habitat conservation programs, and fishery restoration, enhancement and development policies and programs to achieve optimum yield from the resources and economic benefits for the nation.

The central responsibility of the federal government is to ensure that the nation's living marine resources are not depleted and remain a productive natural resource for current as well as future generations. If the government conducts its living marine resource management and service activities in a manner which fosters and supports private sector initiatives, and which allows for efficient and safe utilization of fishery resources, the result should be solid long-term growth in productivity from these resources as well as economic return for the industry and the nation. Benefits include: jobs, profits, export earnings, subsistence recreation, a better nourished populace, a healthy and productive marine ecosystem, and the protection of marine mammals and threatened and endangered species.

If we expect to continue enjoying the bounty of the sea, then we must be good stewards. Indeed, we should be expanding rather than reducing our efforts to conserve and manage living marine resources. It is difficult for us to understand why this nation would fail to fully fund and adequately staff the one agency with the mission and expertise to properly manage this priceless renewable food and recreational resource.

The ability of the United States to meet domestic market demand from domestic wild stock production has natural limits which have been met or exceeded for most high demand species, e.g., approximately 70% of shrimp consumed in the United States are imported. We must identify alternative means of increasing domestic supplies to meet the increasing variety of user demands and to offset imports. Aquaculture is an alternative which is being developed by many foreign nations supplying the U.S. market, e.g., Ecuador and China are supplying an increasing share of the U.S. shrimp market with cultured shrimp. Congress has supported a role for NMFS in aquaculture legislation and budget restorations. However, current Executive Branch policies are inconsistent and restrict federal program effectiveness in addressing this problem.

Since NMFS was transferred in 1970 to the Department of Commerce (National Oceanic and Atmospheric Administration, NOAA) from the Department of the Interior (Fish and Wildlife Service), the Agency has never been adequately funded to carry out the increasing number of major new responsibilities delegated to it by Congress, and the Administration has repeatedly proposed its programs for reduction or elimination.

Throughout its existence, the NMFS (and its predecessor federal fishery agencies) have adjusted to the demands placed upon it. In the 1800s and early 1900s there was a need to describe the composition and distribution of the nation's fishery resources. In the 1950s and 1960s there was a need for exploratory fishing to identify new fishing grounds for traditional fisheries, to assist industry in developing nontraditional resources, and to negotiate international treaties to protect and ensure U.S. access to distant water resources. In the 1970s and 1980s the focus changed to domestic fisheries management with the need to explain why traditional stocks were decreasing and to allocate limited resources among competing users. NMFS programs currently provide a comprehensive and integrated approach to ensuring the continuing productivity of the nation's living marine resources and the economic viability of the resource-dependent industries.

To the great credit of the people of NMFS, much has been accomplished in spite of often challenging technical, political, and program funding problems. Achievements have come through exemplary efforts of the agency's professional staff and successful appeals to states and industry to assume some of the burden for supporting these federal functions. NMFS even utilized foreign fishermen to gather stock assessment data in connection with granting them fishing rights in the U.S. E.E.Z. (although this source of program support has all but disappeared as management efforts were successful in phasing out foreign fishing in U.S. waters and funds are lacking to fill this information void).

With the thought that Congress and the public need to better understand the agency's responsibilities and program needs, a summary of NMFS budgetary resources since 1970 along with a partial chronological list of major new legislative actions which have significantly increased the agency's responsibilities during that time is provided in Table 1. Many of the less burdensome acts have not been listed which also expanded existing programs, added administrative or procedural requirements, or in general increased NMFS work load. Incredibly, over this period NMFS was given (through new legislation, amendments to existing legislation, and as a result of certain court decisions) enormous work loads which should have justified significant budget increases. Instead, since 1979 the NMFS budget has continued to decrease in

constant dollar value terms. Many new assignments have been thrust upon NMFS, forcing endless reorganization and suboptimization of existing programs, while cannibalizing one program
after another. Considering the magnitude of the program changes, short time during which they have occurred, and the lack of management support within the Executive Branch, the accomplishments of the NMFS professional staff in meeting the mandates of Congress are an amazing success story. We urge the Committee to give special attention to Table 1 when deliberating an appropriate funding level for NMFS.

Under existing budgeting procedures, no official of the NMFS is permitted to come before the Congress and identify the fiscal resources which are truly necessary for effective and equitable management of our nation's renewable living marine resources. Every Administration must control budget requests, yet there must be communication between Congress and professional public servants on these vital resource needs. There are indications that the Bush Administration recognizes that additional resources are needed for the NMFS programs, as evidenced by the more responsible funding level being proposed, which includes several critical program enhancements. It should be emphasized, however, that even this kinder, gentler Administration is again proposing a budget below current funding levels for the NMFS. Targeted for proposed reduction once again are the 22 NMFS-funded Mitchell Act salmon hatcheries and state grants for anadromous and interjurisdictional fish management. Other reductions of special concern are the 50% cut in product safety research and the questionable $4 million savings claimed for a proposed, yet undefined, laboratory consolidation action.

The American Fisheries Society recommends authorization of user fees or royalties designed to recover research and management costs, including costs of administering access limitation programs; also for recovery of reasonable economic rent from users of publicly owned resources as an equitable return to the public treasury.

We believe that Congress should conduct oversight hearings to document the dollars and staffing (including scientists, other professionals, support personnel, laboratories, research vessels, equipment, and funds) necessary to adequately manage the nation's fishery resources. A good reference point for such a Congressional review of the NMFS program and budget situation has been provided by the National Fish and Wildlife Foundation's "Needs Assessment of the National Marine Fisheries Service" published January 1, 1990. While the AFS has not conducted a critical review or taken a position on each of the recommendations contained this report, we generally concur with its findings and support its recommendations, particularly concerning the lack of attention to recreational fisheries.

The proposed NMFS budget for FY 1991, if enacted, would impose reductions in a program that has successfully served the nation's fisheries for over one hundred years. Throughout its existence, the NMFS fisheries program has had the resourcefulness to meet the demands placed upon it. However, it will be difficult, even for NMFS, to accomplish the intent of Congress for the conservation, management, and development of the nation's living marine resources within the budget proposed for fiscal year 1991.

The American Fisheries Society urges Congress to restore the proposed reductions in the NMFS budget in order to maintain current program levels. The Congress should also, at a minimum, provide the proposed funding for the new program elements included in the FY 1991 budget request and additional monies for recreational fisheries data collection.

BUDGET ITEMS OF GREATEST CONCERN

Information Collection and Analysis
(FY 1991 Base $106,613K; Budget Request $98,288K)

This subactivity provides for the vital resource research and management information activities of NMFS. With these funds NMFS collects and analyzes a broad range of information on fishery resources, protected species, living marine resource habitat, and fishing industry activities. The Administration is seeking an $18.2 million reduction in this work. While this is partially offset by $9.9 million in enhancements for critically needed resource surveys, catch statistics, and a computer system replacement, we believe that any reduction in fisheries information is totally indefensible in light of the increasing complexity of ocean use and fisheries allocation issues and the associated demands for increasing quantity and quality of information for their equitable resolution. For example, as available information decreases, the width of error bars for stock assessments increases, and fisheries managers must become more conservative in regulating allowable harvest levels to protect the stocks. With more accurate information the manager can set harvest levels closer to maximum economic yields, thus returning the government's investment in fishery research many times over.

Some specific effects of the proposed cuts with which the AFS takes issue are as follows:

The proposed reduction (-$4,000K) to be achieved through the closing and consolidation NMFS research facilities is irresponsible. To propose a non-specified reduction in NMFS resource information programs on the basis of a management study which has not yet been conducted is one of the most irrational proposals the AFS has yet seen in a federal budget submission. If the Administration ever wished to create a disincentive for efficient management of federal programs this is a classic. What manager would identify more cost effective ways of doing a job if the only result was a loss of program funds and the management flexibility they may have provided for improving program operations.

The proposed reduction in stock enhancement and disease research (-$4,344K) will terminate all NMFS research on the culture of non-salmon species. This includes the elimination of research on shellfish genetics and disease conducted at the Milford laboratory which supports the oyster and clam aquaculture industry. It seems ironic that the Administration has methodically attempted to eliminate all support for research on the culture of marine species when the productivity of wild stocks will be unable to supply consumer demand, already resulting in imports supplying over half the shrimp and an increasing share of the salmon consumed in this country, much of which is produced through aquaculture. The short sighted nature of this policy is made worse by the long lead-time needed for genetic, disease, and nutrition research required for bringing marine species under culture.

The reduction in work associated with salmon restoration and management, e.g., Alaska salmon enhancement ($3,766K), Yukon River Chinook Salmon ($235K), and Atlantic salmon research ($5,000K) raises questions of the Administration's commitment to the restoration of the nation's salmon resources and support for implementation of the long-sought Pacific Salmon Treaty agreement.

The proposed reduction for Chesapeake Bay studies (-$1,600) will terminate the research conducted in cooperation with the states of Maryland, Virginia, and Pennsylvania on the relationship between natural and man-induced environmental changes and the responses of fish populations in the Bay. While the states assumed greater responsibility for this program and have increased their efforts to identify and solve the Chesapeake Bay fisheries problems, many of the Bay's fishery resources range beyond the Bay and it does not make sense to eliminate participation by the federal marine fisheries agency.

Overall the proposed reductions in NMFS research programs and the closing of NMFS laboratories would be devastating to the nation's marine fisheries conservation efforts. Some of these impacts are already being felt. The Oxford lab, a major center of excellence in matters of fish and shellfish disease, has been turned over to the State of Maryland and the federal program presence is being reduced. Management of the Galveston lab, which has been the center for federal research on shrimp and the turtle head-start program, is now provided through a cooperative arrangment with the Texas A & M marine science program. If accepted these proposed reductions would likely result in more NMFS facility closures than identified in the proposed budget.

NMFS research facilities and the scientific programs they sustain are nationally unique. They cannot be duplicated at existing state, private, or university facilities. Once these pools of talent are dispersed, restoration of these dedicated teams can be accomplished again only after years of study and work. Study and work are to be done when? By whom? With what funds? Scientific excellence doesn't just happen, it is built through long years of dedicated effort. NMFS staff achievement is constrained in every scientific area by a lack of funds and personnel. There is no staff redundancy and no back-up expertise. If the pattern of budget constraint is allowed to continue, there will be no "next-generation" of trained marine fishery scientists. An effective federal program for living marine resource Information Collection and Analysis is essential for management of these resources, and there is no way for the states or industry to fill the void.

The AFS strongly supports the proposed enhancements for Bering Sea groundfish by-catch ($750K), Alaska groundfish surveys ($700K), Bering Sea Pollock research ($750K), marine mannal population assessments ($3,000K), PacFIN ($1,000K), Alaska groundfish monitoring ($2,000K), and computer support ($1,700). These program elements are only a few of the growing number of critical management information needs which NMFS has not been able to address due to a lack of funding. The past failure of the Administration to allow funding to be requested for replacing the antiquated computer system currently supporting NMFS stock assessment programs has made the entire federal living marine resource management system vulnerable to collapse at any moment. The AFS encourages the Congress to make upgrade of the NMFS computer system its highest priority.

Conservation and Management Operations
(FY 1991 Base $58,483; FY 1991 Budget Request $48,976K)

NMFS uses the information provided by the programs in the previous budget subactivity as a foundation for its Conservation and Management Operations.

The proposed reductions in program operations for the conservation and management of living marine resources will curtail important federal living marine resource management actions.

Federal support for the Columbia River Hatchery Program is once again being proposed for termination on the assumption that an alternative non-federal funding source will be found. Legislation required to transfer funding responsibility has not been passed and termination of federal support before arrangements for an orderly transition are in place could result in serious/disastrous disruptions to the West Coast salmon stocks with similar disastrous consequences for the local economies in the Northwest. Columbia River hatcheries were built as mitigation for the colossal destruction of spawning and rearing habitat for anadromous fish resources associated with federal hydroelectric and water diversion projects in the Northwest. Until alternative funding for hatchery operations and maintenance is assured, the federal government should never default on its solemn commitment to mitigate in perpetuity those enormous spawning habitat losses.

The AFS finds the proposed reductions in these and other Conservation and Management Operations programs to be unjustified, irresponsible, and unacceptable.

The AFS supports the proposed enhancement to augment the observer monitoring effort of the North Pacific Driftnet Program ($400K). The capability is essential to effectively addressing the illegal catch of U.S. salmon and steelhead trout by foreign fishermen in the North Pacific Ocean and related conservation issues.

State and Industry Programs
(FY 1991 Base $18,909K; FY1991 Budget Request $5,894K)

The funding for the cooperative state and industry fisheries programs in this budget subactivity are slated for an appalling 69% reduction. The impacts of these reductions are as follows:

All grants to the states for interjurisdictional resource research and management and for the research, development, and restoration of anadromous fish (e.g., salmon, shad) will be terminated. This will result in a significant loss of state-provided catch statistics supported by these grants which can not be replaced. The federal role in supporting the collection of catch statistics by the states which provide data needed for federal fisheries management programs is legitimate, necessary, and cost effective. Many coastal resources range or migrate across state boundaries (e.g., salmon, striped bass, shad, menhaden, etc.) and there is little incentive for any one state to support research and management programs which primarily benefit users of the resource in other states. The AFS is especially concerned about the impacts of the proposed termination of the Anadromous Fish Grants and the Striped Bass Study and strongly recommend their retention.

Industry assistance programs are proposed for significant reduction. Limited support for trade issues would remain, leaving the development of the nation's nontraditional fisheries to the private sector with little or no direct federal technical program assistance. The high cost and risk involved in fisheries development is unlikely to attract much private risk capital without some federal involvement to provide information and technical assistance.

The proposed budget will virtually eliminate Product Quality and Safety research activities related to the maintenance of fish product safety for human consumption. The Gloucester, Pascagoula, and Seattle technology labs which have consistently been leaders in seafood quality, safety, and technology research will be closed, leaving only a skeleton staff at the Charleston technology lab to provide analytical support for the seafood inspection activities. This proposal is being made at a time when the safety of seafood is becoming an increasing public concern.

The Saltonstall-Kennedy (S-K) fisheries development grant program is a related budget appropriation category which the Administration proposes to terminate and use the funds as a general offset against budget deficits. This matching fund grant program currently represents only a portion of the 30% of tariffs on fishery imports from which its funding is derived. This program encourages private initiatives for resolving problems in developing commercial and recreational fisheries by helping to reduce the grant recipients' financial risks while making their results available to others. The AFS recommends the maintenance of the S-K grant program at no less than the current $5 million level.

WHAT SHOULD BE IN THE NMFS BUDGET

1. The NMFS budget for resource and user-related information collection activities should be significantly enhanced. This program enhancement is needed to permit informed, high quality decisions affecting resource husbandry, equitable allocation, international negotiations, and sound private sector investment decisions. This should include:

A. Enhancing resource assessment surveys and NOAA vessel support to permit development of a capability for monitoring pre-recruit life stages as a critical component in providing forecasts of resource abundance.

B. Increases in support for the collection of fisheries statistics (particularly from the recreational sector which represents over 50% of the harvest for some species and may be grossly under-represented in fisheries data), including federal support for state collection of fisheries data needed for federal management programs and support for shared state and federal fisheries data management and exchange systems. At least $4 million and several new positions are needed to bring the recreational fisheries data collection program up to an acceptable level and to improve opportunities for cooperative state/federal data collection activities.

C. Strengthening data analysis capabilities, expanding automation of data management and dissemination systems, and providing support for shared state and federal fisheries data management and exchange systems. This program element has deteriorated beyond the critical stage as repair parts for the NMFS' aging ADP systems are no longer available and data support demands are increasing. The importance of this element is noted by its inclusion among program elements proposed for enhancement in FY 1991; and the need is much greater and more urgent than indicated by this request.

2. The NMFS budget should be increased to provide support for improving fisheries management methodology. NMFS needs to develop its capability for ecosystem/ multispecies management which will require understanding stock interactions and the relationship with oceanographic conditions in order to more effectively forecast impacts of, and deal with, fishery management and development actions. This would require:

A. Funding for developing programs to acquire data necessary for defining the relationships of oceanographic events with resource recruitment and distribution. This would include the development and validation of systems models for providing resource forecasts needed for effective management and industry investment decisions.

B. Program increases to permit defining interspecies/fish stock relationships and to permit evaluation of alternative management actions and natural events.

C. Providing increases for conservation engineering to resolve gear selectivity/by-catch and gear conflict problems in managed fisheries and to develop methods for minimizing interaction with protected species.

D. Maintaining and enhancing federal support for state participation in management of interjurisdictional resources.

3. The NMFS budget should be substantially strengthened in the area of habitat research and conservation program operations as well as strengthening its legislative authority relative to recommendations concerning actions which degrade critical living marine habitat. This would involve:

A. Increasing funding for research to identify pollution impacts on fish stocks and for defining pollutant pathways into the human food supply. Increasing pressures on coastal waters, fish stocks, and consumer demand/consumption of seafood makes the issue of pollutants probably the biggest "time-bomb" which could threaten the future viability of the domestic fisheries as well as being a potential public health threat.

B. Increasing funds for regional area planning to provide coordinated and complementary state-federal positions on proposed habitat alterations. This would include identifying alternative development methods to minimize habitat impacts.

C. Increasing funding to define the relationships of habitat quality and spatial distribution with living marine resource productivity. This would include evaluating the effectiveness of mitigation and habitat enhancement alternatives.

4. The NMFS budget should also be strengthened to permit identifying potential problems and monitoring seafood product safety. Expansion of the NMFS program in this area is necessary for identifying potential hazards and the pathways of environmental and processing-introduced contaminants entering the nation's seafood supply. The NMFS program is currently supporting a voluntary (fee for service) Department of Commerce Seafood Inspection Program. NMFS is also conducting under Congressional mandate a seafood inspection system improvements study which may lead to a mandatory inspection program. An expansion of the NMFS program in this area is essential if the public is to maintain confidence in the safety of the nation's seafood supplies and enjoy the health benefits of seafood consumption.

We in the American Fisheries Society continue to be seriously concerned by the Administration's failure to request adequate funding for the conservation and management of the Nation's living marine resources. The NMFS continues to be grossly underfunded for the magnitude and complexity of the job it has been assigned by Congress. Rather than undermining its fisheries programs, the nation should be making sound and substantial additional investments in fisheries enhancement. The payoff from such investments will influence the nation's future. Consequently, failure to adequately fund fisheries programs based on a rationale of reducing the deficit, will inevitably have the opposite effect. The trade deficit in fisheries products alone (not considering the economic value of the domestic industry or the costs of social conflicts involved with resource allocation and protected species issues) would seem to warrant a major federal investment in fisheries programs. In fact, the AFS believes it may be timely for the Congress to give serious consideration to either returning NMFS to the Department of the Interior to provide a critical mass for the nation's fishery programs, relocating NMFS within the proposed new Department of the Environment, or to the creation of a new Department of Natural Resources which would include NMFS and related fisheries programs.

Congress has steadfastly restored the proposed cuts in the NMFS budget in past years. We in the American Fisheries Society have great faith that Congress will once again have the wisdom to restore and enhance the NMFS budget.

Thank you for the opportunity to present our views.

Sincerely,

Paul Brouha
for Carl R. Sullivan
Executive Director

CRS/PB:jpg

Table 1
NMFS Fiscal Resource Profile

Fiscal Year	Year-End Employment (FTPs)	O.R.&F. Funding Level($M)	1972 Constant Value($M)	Major Legislation Adding to Workload
1970	1,994*	$ 46	$ 51	Reorganization Plan #4 National Environmental Protection Act (NEPA)
				Capital Construction Fund - Fishing Vessels
1971	1,945*	47	49	
1972	1,794	48	48	Marine Mammal Protection Act (MMPA) (Reg.Authority)
				FWCA Amendments
1973	1,710	49	46	Endangered Species Act (Reg. Authority)
1974	1,715	52	45	
1975	1,726	59	46	Atlantic Tuna Convention Act
1976	1,730	69	51	Magnuson Fishery Convention & Management Act (FCMA) (Reg. Authority)
1977	1,828	84	58	Clean Water Act
1978	1,880	97	63	OCS Lands Act Amendments
1979	1,853	118	70	Sec.7; Anadromous Fish Conservation Act
1980	1,861	129	70	Pac. NW Electric Power Planning & Conservation Act
				Pac. NW Salmon & Steelhead Conservation & Enhancement Act
1981	1,724	143	70	Lacey Act Amendments
1982	1,820	146	68	
1983	1,805	148	66	

Table 1 (continued)
NMFS Fiscal Resource Profile

Fiscal Year	Year-End Employment (FTPs)	O.R.&F. Funding Level($M)	1972 Constant Value($M)	Major Legislation Adding to Workload**
1984	1,838	$144	$ 62	Artic Research & Policy Act
				Atlantic Striped Bass Conservation Act
1985	1,825	151	63	U.S./Canada Salmon Treaty
1986	1,853	155	63	Fish & Seafood Promotion Act
				Interjurisdictional Fisheries Management Act
1987	1,913	166	65	Driftnet Impact Monitoring, Assessment, & Control Act
				Marine Plastic Pollution Research & Control Act
				Commercial Fishing Industry Vessel Anti-Reflagging Act
				South Pacific Tuna Treaty
1988	1,881	169	64	Ocean Dumping Ban Act
1989	***	168	61	MMPA Amendments
1990	***	187	65	Magnuson Act Amendments
1991	***Proposed	153	***	

* FTPs include NMFS fishery research vessel operation/support staffing; transferred to NOAA; NOS Office of Fleet Operations

** Does not include Administrative procedures and paper work reduction acts, Executive Orders, etc., which have also significantly increased Agency Work loads.

*** Data not available

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April 24, 1990

The Honorable Neal Smith, Chairman
Subcommittee on Commerce, Justice
State and the Judiciary
H-309 The Capital
Washington, D.C. 20515

Dear Mr. Chairman:

Thank you for the time and attention your Subcommittee has given my request for a $3 million appropriation during fiscal year 1991 to fund a nation-wide program of oyster disease research. I greatly appreciate your consideration of this matter.

In my recent testimony before your Subcommittee, I reviewed the progress that the scientific community and the fisheries management authorities of states affected by the spread of oyster disease have made towards developing a comprehensive research strategy. This strategy has been developed from the proceedings of two symposia on oyster disease and resource management alternatives.

I am enclosing with this letter the results of these conferences. The report, entitled "A Plan Addressing the Restoration of the American Oyster Industry," provides a solid framework for further basic and applied research into oyster disease and shellfisheries management. I am confident that it can serve as the guide for the work that is necessary if we are to defeat the spread of oyster diseases and the otherwise inevitable extinction of the American oyster as a commercial resource.

This work was supported, in part, through the Sea Grant Program of the National Oceanic and Atmospheric Administration, using funds that your Subcommittee has appropriated during prior years. The Maryland State Department of Natural Resources also has made significant technical and financial contributions to its development.

If appropriations can be secured during the coming fiscal year to put this program into action, the funds would be distributed on a competitive, peer-review basis to support research efforts in the areas identified by the plan. This will ensure that financial support is directed to research proposals with the greatest objective potential for success.

The Honorable Neal Smith
April 24, 1990
Page Two

In closing, let me express my appreciation once again for the Subcommittee's attention to this matter. I believe that the federal investment required to put the oyster disease research plan into action will produce significant dividends for the American oyster industry and the countless independent watermen whose future livelihoods are threatened by the spread of these diseases. I therefore urge the Subcommittee to adopt the recommendation for a $3 million appropriation for the 1991 fiscal year.

Sincerely,

Roy Dyson

ROY DYSON
Member of Congress

[Clerk's Note: A copy of the Executive Summary of the aforementioned report follows. The complete report is on file with the Committee.]

A PLAN ADDRESSING THE RESTORATION OF THE AMERICAN OYSTER INDUSTRY

The results of two workshops sponsored cooperatively by:

The National Sea Grant College Program, NOAA
The National Marine Fisheries Service, NOAA
The National Coastal Resources Research and Development Institute
Maryland Department of Natural Resources
New York Sea Grant Institute
New Jersey Sea Grant College Program
University of Delaware Sea Grant College Program
Maryland Sea Grant College Program
Virginia Sea Grant College Program

March, 1990

Sea Grant Publication VSG-90-02

Virginia Sea Grant College Program .
University of Virginia
Charlottesville, VA 22901

A PLAN ADDRESSING THE RESTORATION OF THE AMERICAN OYSTER INDUSTRY

EXECUTIVE SUMMARY

The history of the Atlantic and Gulf coast oyster fisheries, over the past one hundred years, is a diary of continued overfishing, environmental degradation, habitat loss and steady decline of natural oyster populations. During the past three decades, further insult has been added by two diseases, commonly termed MSX (Haplosporidium nelsoni) and Dermo (Perkinsus marinus). MSX occurs most heavily from New England to the Chesapeake Bay, and it has recently been confirmed in South Carolina. Dermo occurs from the Chesapeake through Texas.

Oyster production statistics are grim. There is essentially no public oyster production north of the Delaware Bay. The Delaware oyster fishery peaked at a level of 2 million bushels a year between 1926 and 1930. At today's prices, this lost fishery would be worth $90 million dollars and would provide for hundreds of new jobs. MSX decimated Maryland oyster stocks in 1985. Harvests for the past two years have been under 2 million bushels. In Virginia, once the leading producer of oysters in the United States, harvest of market oysters has decreased from more than 3 million bushels as recently as 1960 to well below 500,000 bushels and continues to decline. This loss of revenue is equivalent to that experienced for the Delaware fishery. South of the Chesapeake, losses to Dermo continue to take a significant toll on oyster production. The West Coast industry suffers some disease problems, but these are presently minor in comparison to the Atlantic and Gulf Coasts.

NOAA, through its National Sea Grant College Program and the National Marine Fisheries Service, with support from the National Coastal Resources Research and Development Institute, has been working with state fishery agencies from Maine to Texas to resolve oyster disease and production problems. Two workshops have been held to develop a plan for the restoration of the American oyster industry in these states. Many different issues and topics were discussed at the two meetings, and this paper is an attempt to bring the results of the two workshops together into a single, focused plan.

This plan contains a list of both short-term and long-term objectives that fall under several major program areas. These program areas are biological, social science and policy, regulations/policy, and economics/marketing. All four of these areas are critical to the success of any restoration program.

We are suggesting a nationwide research and development program addressing pertinent objectives under the four major program areas identified above. The plan provides for federal and state agencies and universities to work with private industry and oystermen to bring back oyster production on the Atlantic and

Gulf Coasts. The strongest link among all the states and regions, and the diverse industry and political groups, is the National Sea Grant College Program.

Through the Sea Grant programs in the coastal states, the National Sea Grant College Program maintains a network of marine advisory agents that bridge the gap between industry, watermen and the research components of the proposed program. For this reason, it is suggested that the program be funded through the National Sea Grant Office and administered in cooperation with NMFS, NCRI, state agencies, industry and university systems. The National Sea Grant Office contains specialists with national overviews in aquaculture, fisheries, marine economics, social sciences and marine law. Sea Grant also has a proven mechanism for distributing research and program money based upon peer reviews and advisory committees, which is the method recommended for this oyster restoration program. The states will provide matching funds and facilities for research. A long-term commitment of funds providing continuity and national focus is the only practical approach to this problem.

It is recommended that an eleven member scientific steering committee be appointed representing oyster producers and harvesters, consumers, Sea Grant Colleges, scientists and state and federal resource agencies. The committee would set policy and guidelines and oversee the development of the research and development program. The committee would meet regularly to review progress, coordinate program components, and set future goals and objectives. Ad-hoc committees would meet periodically to review and select proposals for inclusion in the program.

The results of the two workshops indicate that a funding level of $3 million per year would be necessary to accomplish most of the objectives. Priority would be given to projects that leverage existing funds presently spent on oyster management and that bring together and focus ongoing and future activities.

In order to begin the program in FY-91 financial support should be obtained by October, 1990. Thereafter, the committee would request proposals (Oct-Dec 1990), review and select proposals (Jan-Feb 1991), and implement projects (April 1991). This same process would be repeated yearly. The steering committee would meet when necessary to accomplish this schedule or use the mail, FAX and telephones to accomplish business in order to reduce administrative costs. The Sea Grant administrative system would be used to support the program so that the funds would be used in the most productive manner.

Restoration of the oyster resource will not happen overnight. It took over a century to bring about the near collapse of the resource, and it will take years to bring about a well managed, production system. However, restoring production to historical levels would provide thousands of jobs to depressed areas of the country, reduce imports and the foreign trade deficit, help improve the processing and marketing infrastructure for the American seafood industry, and preserve an important way of life. This program also would contribute to the restoration of the natural balance of organisms in estuaries.

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